

## COMPASS GOLD CORPORATION

### MANAGEMENT INFORMATION CIRCULAR

#### FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 25, 2019

Except where otherwise indicated, information contained in this management information circular (the “Circular”) is given as of May 27, 2019. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

#### SOLICITATION OF PROXIES

**This Circular is furnished in connection with the solicitation by management of the Corporation of proxies to be used at the annual and special meeting of the shareholders of the Corporation (the “Meeting”) to be held at the offices of Wildeboer Dellelce LLP, Wildeboer Dellelce Place, 365 Bay Street, Suite 800, Toronto, Ontario at 4:00 p.m. (Toronto time) on June 25, 2019, or at any adjournment or postponement thereof, for the purposes set forth in the enclosed notice of the annual and special meeting of shareholders (the “Notice of Meeting”).**

Proxies will be solicited primarily by mail but may also be solicited personally, by telephone or by facsimile by the directors, officers or employees of the Corporation at nominal cost. The costs of solicitation will be borne by the Corporation.

#### APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are representatives of management of the Corporation and are directors and/or officers of the Corporation. **All shareholders of the Corporation (the “Shareholders”) have the right to appoint a person or corporation (who need not be a Shareholder of the Corporation), other than the persons designated in the accompanying form of proxy, to represent the Shareholder at the Meeting. Such right may be exercised by inserting the name of such person or corporation in the blank space provided in the form of proxy or by completing another proper form of proxy.** A Shareholder wishing to be represented by proxy at the Meeting or any adjournment or postponement thereof must deposit his, her or its executed form of proxy with the Corporation’s transfer agent and registrar, Computershare Investor Services by mail or delivery to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attn: Proxy Department, no later than 4:00 p.m. (Toronto time) on Friday, June 21, 2019, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment or postponement of the Meeting at which the proxy is to be used. After such time, the Chair of the Meeting may accept or reject a form of proxy delivered to him or her in his or her discretion but is under no obligation to accept or reject any particular late form of proxy. A proxy should be executed by the Shareholder or his or her attorney duly authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney.

In addition to any other manner permitted by law, a proxy may be revoked, before it is exercised, by an instrument in writing executed in the same manner as a proxy and deposited to the attention of the Secretary of the Corporation at the registered office of the Corporation at any time up to 5:00 p.m. (Toronto time) on the last business day before the day of the Meeting or any adjournment or postponement thereof at which the proxy is to be used or with the Chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof and thereupon the proxy is revoked. The document used to revoke a proxy must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A registered Shareholder attending the Meeting has the right to vote in person and, if the Shareholder does so, his, her or its proxy is nullified with respect to the matters such Shareholder votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

Under normal conditions, confidentiality of voting is maintained by virtue of the fact that the Corporation's transfer agent tabulates proxies and votes. However, such confidentiality may be lost as to any proxy or ballot if a question arises as to its validity or revocation or any other like matter. Loss of confidentiality may also occur if the board of directors of the Corporation (the "**Board**") decides that disclosure is in the interests of the Corporation or its Shareholders.

### **EXERCISE OF DISCRETION BY PROXYHOLDERS**

The common shares of the Corporation (the "**Shares**") represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if a Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Shares represented by proxy shall be voted accordingly.

**If a specification is not made with respect to any matter, the proxy will confer discretionary authority and will be VOTED "FOR" ALL THE RESOLUTIONS DESCRIBED BELOW. The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting in such manner as such person, in his or her judgment, may determine.** At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

### **NON-REGISTERED SHAREHOLDERS**

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold their Shares in their own name and are considered non-registered beneficial Shareholders.** Only registered holders of Shares or the persons they appoint as their proxyholder are permitted to vote at the Meeting. However, in many cases, Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") (including, among others, banks, trust companies, securities dealers, brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSA's and similar plans) that the Non-Registered Holder deals with in respect of the Shares; or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. Non-Registered Holders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Shares can be recognized and acted upon at the Meeting. In accordance with the requirements of the Canadian Securities Administrators, the Corporation will have distributed copies of the meeting materials, including the form of proxy/voting instruction form and the Circular (collectively, the "**Meeting Materials**") to the clearing agencies and Non-Registered Holders, or Intermediaries for onward distribution to Non-Registered Holders, as applicable. If you are a Non-Registered Holder, your Intermediary will be the entity legally entitled to vote your Shares at the Meeting. Shares held by an Intermediary can only be voted upon the instructions of the Non-Registered Holder. Without specific instructions, Intermediaries are prohibited from voting Shares.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Non-Registered Holders in advance of the Meeting. Often, the form of proxy supplied to a Non-Registered Holder by its Intermediary is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Non-Registered Holder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Non-Registered Holder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Non-Registered Holder may call a toll-free telephone number or access the Internet to provide instructions regarding the voting of Shares held by the Non-Registered Holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Non-Registered Holder receiving a voting instruction form cannot use that voting instruction form to vote Shares directly at the Meeting, as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such Shares voted.

Non-Registered Holders should ensure that instructions respecting the voting of their Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary or Broadridge, as applicable. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Non-Registered Holders in order to ensure that their Shares are voted at the Meeting.

Although a Non-Registered Holder may not be recognized directly at the Meeting for the purpose of voting Shares registered in the name of their Intermediary, a Non-Registered Holder may attend the Meeting as proxyholder for the Intermediary and vote the Shares in that capacity. **Non-Registered Holders who wish to attend the Meeting and indirectly vote their Shares as a proxyholder, should enter their own names in the blank space on the form of proxy or voting instruction form provided to them by their Intermediary and/or Broadridge, as applicable, and return the same in accordance with the instructions provided by their Intermediary and/or Broadridge, as applicable, well in advance of the Meeting.**

In any case, the purpose of the above noted procedures is to permit Non-Registered Holders to direct the voting of the Shares which they beneficially own. Non-Registered Holders should carefully follow the instructions and procedures of their Intermediary or Broadridge, as applicable, including those regarding when and where the form of proxy or voting instruction form is to be delivered.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as “NOBOs”. Non-Registered Holders who have objected to their Intermediary disclosing the ownership information about themselves to the Corporation are referred to as “OBOs”. In accordance with the requirements of National Instrument 54-101 – “Communication with Beneficial Owners of Securities of a Reporting Issuer” (“**NI 54- 101**”), the Corporation is permitted to send the Meeting Materials directly to the NOBOs. The Corporation is not sending the Meeting Materials directly to NOBOs under NI 54-101. In accordance with the requirements of NI 54-101, the Corporation has distributed copies of the Meeting Materials to the Intermediaries for distribution to NOBOs and OBOs. The Corporation will reimburse the Intermediaries for fees and costs incurred by them in mailing the Meeting Materials to NOBOs and OBOs in accordance with NI 54-101.

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

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

No person who has been a director or an executive officer of the Corporation at any time since the beginning of its last completed financial year, proposed nominee for election as a director of the Corporation, or any associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting except as disclosed in this Circular.

#### **RECORD DATE**

Persons registered on the records of the Corporation at the close of business on May 21, 2019 (the “**Record Date**”) are entitled to vote at the Meeting. The failure of any Shareholder to receive a copy of the Notice of Meeting does not deprive the Shareholder of the right to vote at the Meeting. Only holders of Shares as of the Record Date are entitled to vote such Shares at the Meeting.

#### **QUORUM**

Two Shareholders representing not less than 5% of the shares entitled to vote at the Meeting, present in person or represented by proxy, will constitute a quorum at the Meeting or any adjournment or postponement thereof. The Corporation’s list of Shareholders as of the Record Date has been used to deliver to Shareholders the Notice of Meeting and this Circular as well as to determine who is eligible to vote at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Shares and unlimited number of preferred shares, issuable in series. As at the date hereof, the Corporation has 38,832,857 Shares issued and outstanding, each of which carries the right to one vote at the Meeting. No preferred shares are currently issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, no persons beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation.

## BUSINESS TO BE TRANSACTED AT THE MEETING

### 1. Presentation of Financial Statements

The audited financial statements of the Corporation for the financial year ended December 31, 2018, together with the report of the auditors thereon, copies of which accompany this Circular will be presented to Shareholders at the Meeting. Receipt at the Meeting of the financial statements of the Corporation for the financial year ended December 31, 2018 and the auditors' report thereon will not constitute approval or disapproval of any matters referred to therein.

### 2. Election of Directors

The articles of the Corporation provide that the Board shall consist of a minimum of one and a maximum of ten directors, to be elected annually. Each director elected at the Meeting will hold office until the close of next annual meeting of Shareholders or until his or her successor is duly elected or appointed, as the case may be, unless his or her office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the *Business Corporations Act* (Ontario) to which the Corporation is subject or any similar corporate legislation to which the Corporation becomes subject.

The Shareholders will be asked to fix the number of directors of the Corporation to be elected at five (5) members. The five (5) directors will be elected, by the majority of the votes cast at the Meeting. Management does not contemplate that any of the nominees will be unable to serve as a director of the Corporation, but if that should occur for any reason prior to the Meeting the persons named in the enclosed form of proxy reserve the right to vote for other nominees at their discretion. **Unless the Shareholder directs that his, her or its Shares are to be withheld from voting in connection with the election of directors, the persons named in the enclosed form of proxy will vote for the resolution fixing the number of directors at five (5) and FOR the election of the nominees whose names are set forth below.**

The following table and the notes thereto set out the name and the place of residence of all nominees for election as directors of the Corporation, the month and year during which each of them first became a director of the Corporation, all positions and offices with the Corporation held by each of them, the principal occupation, business or employment of each of them during the prior five year period and the number of Shares beneficially owned, or controlled or directed, directly or indirectly, by each of them. Not being within the knowledge of the Corporation, the foregoing information has been furnished by the respective nominees individually or obtained from the System for Electronic Disclosure by Insiders at [www.sedi.ca](http://www.sedi.ca). The Corporation has an Audit Committee and a Compensation Committee, the members of which are also identified below.

Name and Place of Residence	Position(s) with the Corporation and Date First Appointed to the Board	Current Occupation and Positions During the Last Five Years	Number and Percentage of Shares Beneficially Owned, or Controlled <sup>(1)</sup>
James Henderson <sup>(2)</sup> Sydney, Australia	Director and Chairman (November 2017)	Executive Chairman of Transocean Group Pty Ltd.	3,200,359 <sup>(4)</sup> (8.24%)
Larry Phillips <sup>(3)</sup> Ontario, Canada	Director and Chief Executive Officer (November 2017)	President of Corplex Management Services.	940,900 (3.29%)
Joe Conway <sup>(2)(3)</sup> Ontario, Canada	Director (November 2017)	Director of Orezone Gold Corporation, listed as “ORE” on the TSXV. Executive vice Chairman of Primero Mining Corp from September 2017, President and CEO of Primero Mining Corp from August 2010 to February 2016.	200,000 (0.52%)
Madani Diallo, Koulikora, Mali	Director (November 2017)	President of M-Consulting Geologists	3,168,865 (8.16%)
William Pugliese <sup>(2)</sup> Ontario, Canada	Director (November 2017)	President of Fundeco Inc.	1,934,667 (4.98%)

Notes:

- (1) Percentages are based on 38,832,857 Shares issued and outstanding as of the date of this Circular.
- (2) Member of the Audit Committee. James Henderson is the Chairman of the Audit Committee
- (3) Member of the Compensation Committee. . James Henderson is the Chairman of the Compensation Committee.
- (4) Of these Shares Mr. Henderson indirectly holds the following shares: 11,565 are held in the name of Jalonex Investments Pty Ltd., 66,364 are held in the name of JH & KM Pty Ltd., 34,024 are held in the name of Transocean Finance Pty Ltd, 6,089 are held in the name of Transocean Securities Pty Ltd., 3,077,587 are held in the name of Transocean Asset Development Pty Ltd., all of which are companies controlled by Henderson. Mr. Henderson owns the remaining shares directly.

## Biographies of Directors

Biographical information regarding the foregoing is set forth below:

*James Henderson* – Mr. Henderson is the founder and Executive Chairman of Transocean Securities which was established in 1987. He has over 30 years’ experience in providing financial advisory services in Australia and other overseas countries across a wide range of industries including mining and resources, healthcare and medical devices, aged care and clean energy. Mr. Henderson specializes in providing advice to emerging companies relating to corporate transactions and strategies and has led teams on a variety of transactions including mergers, acquisitions, dispositions, takeovers and capital raisings in Australia, Canada, the UK, the USA and Africa. He is an experienced chairman, board member, chief executive officer and corporate adviser of both public and private companies. Mr. Henderson is the former chairman of Oklo Resources Limited (ASX:OKU) (Oklo) and led the successful acquisition by Oklo of the Company’s former gold assets also based in Mali. Oklo has grown from an initial market capitalization at the time of the transaction of \$6,000,000 to approximately \$65,000,000 today. Mr. Henderson is a qualified Chartered Accountant and has the ability to read and understand financial reporting especially as this relates to

reporting company disclosure obligations under relevant securities laws. Mr. Henderson holds a B. Comm. from the University of Western Australia and is an Associate of the Institute of Chartered Accountants.

*Larry Phillips* – Mr. Phillips is President of Corplex Management Services, a private company providing advisory services in international business and governmental affairs to private and public companies. Mr. Phillips was with IAMGOLD for over 20 years. He held the position of Executive Vice President, Corporate Affairs of IAMGOLD Corporation from June 2009 until June 2011. Mr. Phillips held the position of Executive Vice President, Corporate Affairs and General Counsel of IAMGOLD Corporation from December 2007 to October, 2009. While at IAMGOLD, Mr. Phillips served as a Director of The World Gold Council. Prior to that, he was the managing partner of a Toronto-based law firm specializing in corporate commercial law. In addition, Mr. Phillips an Executive in Residence and a part-time lecturer at Queen’s University School of Business.

*Madani Diallo* - Dr. Madani Diallo is a Professional Geochemist with over 35 years of experience in mineral exploration with a focus on developing gold and base metals exploration programs in West Africa. Dr. Diallo has held many senior roles including country manager, exploration manager, geochemist and project manager. Dr. Diallo received a Master of Science in Geochemistry and Mineralogy (1976) and a Ph.D. in Geochemistry (1979) from the University of Tashkent, Uzbekistan. As a senior officer and advisor to publicly listed companies including AngloGold Ashanti, Dr. Diallo has the ability to read and understand financial reporting especially as this relates to reporting company disclosure obligations under relevant securities laws. Dr. Diallo is also an Executive Director of Oklo Resources Ltd. (OKU:ASX).

*Joseph Conway* – Mr. Conway has nearly 30 years of mining and financial industry experience. Mr. Conway served as President and CEO of IAMGOLD from 2003 to 2010. Mr. Conway has a B.Sc. from Memorial University of Newfoundland (1981), and an MBA from Dalhousie University (1987). He was Interim Chief Executive Officer and Interim President of Primero Mining Corp (TSX:P) (Primero) from March 2017 to May 2018 and has held numerous other executive positions with Primero since 2010.

*William Pugliese* - Mr. Pugliese was one of the founders of IAMGold and served as its Chief Executive Officer until January 2003. Mr. Pugliese continued as Chairman of the Board of Directors of IAMGold until 2016. He participated directly in the evolution of IAMGold, including the development of the Sadiola concession in Mali through his dealings with government officials and joint venture partners. He has an extensive business background developed over a period of 35 years as the principal shareholder in a number of private Canadian companies.

#### Cease Trade Orders, Bankruptcies, Penalties and Sanctions

To the knowledge of the Corporation, no proposed director of the Corporation is, or within 10 years before the date hereof, has been: (a) a director, chief executive officer or chief financial officer of any company that, (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (b) a director or executive officer of any 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. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Corporation, no proposed director of the Corporation has been subject to any: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

To the knowledge of the Corporation, no proposed director of the Corporation has, within the 10 years before the date hereof, 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 director.

### 3. Appointment of Auditors

Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants are the current auditors of the Corporation and were first appointed auditors of the Corporation on February 17, 2009. Shareholders of the Corporation will be asked at the Meeting to re-appoint Dale Matheson Carr-Hilton Labonte LLP as the Corporation's auditors to hold office until the close of the next annual meeting of Shareholders, and to authorize the Board to fix the auditors' remuneration.

**The Board recommends that Shareholders vote FOR the appointment of Dale Matheson Carr-Hilton Labonte LLP as auditors of the Corporation and to authorize the Board to fix their remuneration. Unless the Shareholder directs that his, her or its Shares are to be withheld from voting, the persons named in the enclosed form of proxy will vote FOR the appointment of Dale Matheson Carr-Hilton Labonte LLP as auditors of the Corporation.**

### 4. Approval of Stock Option Plan

The Corporation's current stock option plan was first approved by shareholders on June 30, 2010 (the "**Option Plan**") for senior officers, directors, employees and key consultants of the Corporation, a copy of which is attached hereto as Schedule "A". Pursuant to Policy 4.4 – "Incentive Stock Options" of the TSX-V, a company listed on the TSX-V is required to obtain the approval of its shareholders for a "rolling" stock option plan at each annual meeting of shareholders. The Option Plan is a "rolling" plan as the aggregate number of Shares reserved for issuance upon the exercise of options pursuant to the Option Plan is such number of Shares as is equal to 10% of the total number of Shares issued and outstanding from time to time.

At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass, with or without amendment, the following resolution to re-approve and confirm the Option Plan of the Corporation (the "**Option Plan Resolution**"):

**"RESOLVED THAT:**

1. the Corporation's stock option plan (the "**Option Plan**"), as set forth in Schedule "A" to the Management Information Circular dated May 27, 2019, be and it is hereby re-approved and confirmed, including the reservation for issuance under the Option Plan at any time of a maximum of 10% of the then issued and outstanding common shares of the Corporation, in accordance with the policies of the TSX Venture Exchange; and
2. any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and instruments and take such other actions as such director or officer may determine to be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions."

**The Board recommends that Shareholders vote FOR the Option Plan Resolution. Unless the Shareholder directs that his, her or its Shares are to be voted against the Option Plan Resolution, the person named in the enclosed form of proxy will vote FOR the Option Plan Resolution. In order to be adopted, the Option Plan Resolution must be passed by the affirmative vote of a majority of the votes cast by Shareholders at the Meeting.**

For more information on the Option Plan, please see the section of this Circular entitled "Securities Authorized for Issuance under Equity Compensation Plans – Option Plan".

## 5. Changes in Number of Directors

The articles of continuance of the Corporation provide that the minimum number of directors of the Corporation shall be one (1) and the maximum number of directors of the Corporation shall be ten (10).

Section 125(3) of the *Business Corporations Act* (Ontario) provides that where a minimum and maximum number of directors of a corporation is provided for in its articles, the number of directors of the corporation and the number of directors to be elected at the annual meeting of the shareholders shall be such number as shall be determined from time to time by special resolution or, if the special resolution empowers the directors to determine the number, by resolution of the directors.

At the Meeting, the Shareholders will be asked to pass the following special resolution (the “**Board Size Resolution**”):

“**BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. subject to subsection 124(2) of the *Business Corporations Act* (Ontario) and until otherwise determined by special resolution, the directors are hereby empowered to determine the number of directors of the Corporation and the number of directors to be elected at the annual meeting of the shareholders within the minimum and maximum numbers specified in the articles of the Corporation; and
2. any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and instruments and take such other actions as such director or officer may determine to be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

In order to be adopted, the Board Size Resolution must be passed by the affirmative vote of at least 66 2/3% of the votes cast by Shareholders in person or represented by proxy at the Meeting.

If passed, the Board Size Resolution will permit the directors of the Corporation to increase (or decrease) the size of the Board between annual meetings. This will provide the directors with increased flexibility to respond to strategic opportunities that may arise in the future or to changes in market conditions or in the business of the Corporation generally. Further, the directors will have the ability to add further expertise to the Board if and when required. Between annual meetings of Shareholders, the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of Shareholders.

**The Board recommends that Shareholders vote FOR the Board Size Resolution. Unless the Shareholder directs that his, her or its Shares are to be voted against the Board Size Resolution, the person named in the enclosed form of proxy will vote FOR the Board Size Resolution.**



## STATEMENT OF EXECUTIVE COMPENSATION

In this Circular, a Named Executive Officer (“NEO”) means: (a) the Corporation’s Chief Executive Officer; (b) the Corporation’s Chief Financial Officer; (c) the Corporation’s three other most highly compensated executive officers of the Corporation at the end of the financial year ended December 31, 2018 whose total compensation, individually, was greater than \$150,000; and (d) each individual who would be an NEO but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor serving in a similar capacity, at the end of the financial year ended December 31, 2018.

For the financial year ended December 31, 2018, the Corporation had two NEOs, namely: Larry Phillips as Chief Executive Officer and Louis Nagy as Chief Financial Officer and Corporate Secretary.

### **Compensation Discussion and Analysis**

The Corporation’s executive compensation program is designed to provide motivation and incentives to its executives with a view to enhancing shareholder value and successfully implementing the Corporation’s business plans, to attracting and retaining key employees, to recognizing the scope and level of responsibility of each position, to providing a competitive level of total compensation to all of its executives, and to rewarding superior performance and achievement. The Corporation evaluates both performance and compensation to ensure that its compensation philosophy and objectives are met. The Corporation periodically reviews its executive compensation philosophy and program to ensure that they are consistent with the Corporation’s goal of attracting, retaining and motivating its executive officers to enhance shareholder value.

### ***Role of the Compensation Committee***

In November 2017, the Corporation formed a Compensation Committee which is responsible for, among other things, the oversight of the Corporation’s compensation plans. Specifically, the Compensation Committee is responsible for reviewing the Corporation’s compensation philosophy and developing and fostering a compensation policy that rewards the creation of shareholder value and reflects an appropriate balance between short and long-term performance. It is important to the Corporation to ensure it is capable of attracting, motivating and retaining individuals who will contribute to the long-term success of the Corporation. The Compensation Committee has not yet established a written charter or mandate.

The Compensation Committee is responsible for negotiating the total compensation program for the NEOs and any other executive officers, reviewing and advising on stock option guidelines, including making recommendations on specific option grants, and reviewing and communicating to the Board the compensation policy and principles that will be applied to other employees of the Corporation.

In reviewing executive compensation, the Compensation Committee relies on the advice of the Chief Executive Officer regarding other officers of the Corporation (including the NEOs) and allows him to participate in the Compensation Committee’s deliberations on those officers. The Chief Executive Officer will participate in the deliberations of the Compensation Committee or the Board on his compensation and his compensation will be determined by the Board. The Compensation Committee may not delegate any of its responsibilities to another entity or to an individual without the approval of the Board.

### ***Composition of the Compensation Committee***

The Compensation Committee is currently comprised of the following individuals: Jamie Henderson (Chairman), Joseph Conway and William Pulgiese. Biographical information regarding the foregoing is set forth above.

Each of William Pugliese and Joseph Conway is considered independent under NI 58-101 (as defined under “Statement of Corporate Governance Practices – The Board of Directors”). Mr. Henderson is not considered to be “independent” within the meaning of NI 58-101 as a result of his previous role as an officer of Mali Gold Exploration Pty Ltd, which became a wholly-owned subsidiary of the Corporation in November 2017. For further details concerning the Compensation committee, see “Statement of Corporation Governance Practices”.

### *Director Compensation*

Each non-management director of the Corporation received a payment of \$10,000 for each fiscal quarter, the chairman of the Corporation received an additional payment of \$2,500 for each fiscal quarter, December 31, 2018. Members of the Board are also reimbursed by the Corporation for all travel and other out-of-pocket expenses.

Each director of the Corporation is eligible to participate in the Option Plan. Option grants for the directors are approved by the Board, based on the recommendation of the Compensation Committee. The number of stock options granted is based on competitive and market conditions, including based on a comparison of option grants to directors of other corporations of a comparable size and market capitalization. When determining whether and how many new option grants will be made, the Board takes into account the amount and terms of any outstanding options. The Corporation does not require its directors to own a specific number of Shares.

During the financial year ended December 31, 2018, no new options were granted to non-management directors of the Corporation.

### ***Objectives of NEO Compensation Program and Compensation Philosophy***

The objectives of the Corporation's NEO compensation program are to: (a) attract, motivate and retain high-caliber individuals; (b) align the interests of the NEOs with those of the Shareholders; (c) establish an objective connection between NEO compensation and the Corporation's financial and business performance; and (d) incent the NEOs to continuously improve operations and execute on corporate strategy. The NEO compensation program is, therefore, designed to reward the NEOs for increasing shareholder value, achieving corporate performance that meets pre-defined objective criteria and improving operations and executing on corporate strategy.

The Corporation's policy with respect to the compensation of NEOs is to establish annual goals with respect to corporate development and the individual areas of responsibility of each NEO and then to review total compensation with respect to the achievement of these goals. In addition, the Corporation recognizes the importance of ensuring that overall compensation for NEOs is not only internally equitable, but also competitive within the market segment. Specifically, the Compensation Committee's review and evaluation will include measurement of, among others, the following areas: (a) the achievement of corporate objectives, such as financings, partnerships and other business development, in particular having regard to budgetary constraints and other challenges facing the Corporation; (b) the Corporation's financial condition; and (c) the Corporation's share price and market capitalization.

The NEO compensation program consists of two principal components: (a) base salary; and (b) long-term incentives. Each component has a different function, as described in greater detail below, but each element works together to reward the NEOs appropriately for personal and corporate performance.

There have been no significant changes to the Corporation's compensation policies or practices since the end of the Corporation's most recently completed financial year.

### *Base Salary*

Base salaries are considered an essential element in attracting and retaining the Corporation's senior executives (including the NEOs) and rewarding them for corporate and individual performance. Base salaries are established taking into account performance and experience, level of responsibility and competitive pay practices. Base salaries are reviewed annually and adjusted, if appropriate, to reflect performance and market changes. Any increase to the base salary of the Chief Executive Officer must be approved by the Board and is based on the recommendation of the Compensation Committee. The Chief Executive Officer is responsible for determining and recommending any increase in salary for the other NEOs to the Compensation Committee. In addition, discretionary bonuses may be provided upon approval of the Board.

### *Long-Term Incentives*

The Corporation's long-term incentive compensation for senior executives (including the NEOs) is provided through stock option grants under the Option Plan. Participation in the Option Plan is considered to be a critical component of compensation that incents the NEOs to create long-term shareholder value, as the value of the options are directly dependent on the market valuation of the Corporation. The Option Plan also serves to assist the Corporation in retaining senior executives as the options granted under the Option Plan typically vest over time.

Each NEO is eligible for an annual option grant to be approved by the Board based on the recommendation of the Compensation Committee. The number of stock options granted is based on the NEO's level of responsibility and personal performance and also on competitive and market conditions. Special option grants may be considered, if warranted, for performance or other reasons. Each NEO was also granted options upon the commencement of employment with the Corporation. When determining whether and how many new option grants will be made, the Board takes into account the amount and terms of any outstanding options. The Corporation does not require its NEOs to own a specific number of Shares.

The Option Plan requires that the option exercise price may not be less than the market price of the Shares at the time the option is granted, subject to any discounts permitted by applicable securities laws and stock exchange rules. Options vest at the discretion of the Board and expire five years after the date of the grant. The award of any options under the Option Plan to the NEOs will be subject to the approval of the Board, based on the recommendation of the Compensation Committee.

For further details concerning the Option Plan, see "Securities Authorized for Issuance Under Equity Compensation Plans – Option Plan".

The Corporation also has in place a restricted share unit plan, pursuant to which no restricted share units have been issued as of the date hereof. The full text of the Corporation's restricted share unit plan is attached hereto as Schedule "B"

**Summary Compensation Table**

The following table sets forth the total compensation earned in the financial years ended December 31, 2018, December 31, 2017 and December 31, 2016 by each director and NEO.

COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Fiscal Year	Salary, Consulting Fees, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
James Henderson, <i>Chairman and Director</i>	2018	50,000	Nil	Nil	Nil	69,170	50,000
	2017	90,000	Nil	Nil	Nil	48,113	138,113
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Larry Phillips <sup>(1)</sup> <i>Chief Executive Officer and Director</i>	2018	180,000	Nil	Nil	Nil	138,335	318,335
	2017	50,000	Nil	Nil	Nil	92,225	142,225
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Joe Conway, <i>Director</i>	2018	40,000	Nil	Nil	Nil	69,170	109,170
	2017	Nil	Nil	Nil	Nil	48,113	48,113
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Madani Diallo, <i>Director</i>	2018	151,470	Nil	Nil	Nil	69,170	220,640
	2017	Nil	Nil	Nil	Nil	48,113	48,113
	2016	Nil	Nil	Nil	Nil	Nil	Nil
William Pugliese, <i>Director</i>	2018	40,000	Nil	Nil	Nil	69,170	109,170
	2017	Nil	Nil	Nil	Nil	48,113	48,113
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Louis Nagy <sup>(2)</sup> <i>Chief Financial Officer and Corporate Secretary</i>	2018	78,000	Nil	Nil	Nil	23,055	101,055
	2017	9,750	Nil	Nil	Nil	15,370	25,120
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Phillips provides his service to the Corporation through his wholly-owned management company.

(2) Mr. Nagy provides his service to the Corporation through his wholly-owned management company.

### Stock Options and Other Compensation Securities

The following table sets forth all incentive-based awards outstanding as of December 31, 2018 for each director and NEO.

COMPENSATION SECURITIES							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities and percentage of class (#)	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
James Henderson, <i>Chairman and Director</i>	Stock Option	300,000	Dec 31, 2017	0.50	0.60	0.28	Dec 31, 2022
Larry Phillips, <i>Chief Executive Officer and Director</i>	Stock Option	600,000	Dec 31, 2017	0.50	0.60	0.28	Dec 31, 2022
Joe Conway, <i>Director</i>	Stock Option	300,000	Dec 31, 2017	0.50	0.60	0.28	Dec 31, 2022
Madani Diallo, <i>Director</i>	Stock Option	300,000	Dec 31, 2017	0.50	0.60	0.28	Dec 31, 2022
William Pugliese, <i>Director</i>	Stock Option	300,000	Dec 31, 2017	0.50	0.60	0.28	Dec 31, 2022
Louis Nagy, <i>Chief Financial Officer and Corporate Secretary</i>	Stock Option	100,000	Dec 31, 2017	0.50	0.60	0.28	Dec 31, 2022

**Exercise of Stock Options and Other Compensation Securities**

The following table sets forth each exercise by a director and NEO of incentive-based awards as of December 31, 2018

<b>EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND OFFICERS</b>							
<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Underlying Securities Exercised</b>	<b>Exercise Price per Security (\$)</b>	<b>Date of Exercise</b>	<b>Closing Price per Security on Date of Exercise (\$)</b>	<b>Difference Between Exercise Price and Closing Price on Date of Exercise (\$)</b>	<b>Total Value of Date of Exercise (\$)</b>
James Henderson, <i>Chairman and Director</i>	NA	NA	NA	NA	NA	NA	NA
Larry Phillips, <i>Chief Executive Officer and Director</i>	NA	NA	NA	NA	NA	NA	NA
Joe Conway, <i>Director</i>	NA	NA	NA	NA	NA	NA	NA
Madani Diallo, <i>Director</i>	NA	NA	NA	NA	NA	NA	NA
William Pugliese, <i>Director</i>	NA	NA	NA	NA	NA	NA	NA
Louis Nagy, <i>Chief Financial Officer and Corporate Secretary</i>	NA	NA	NA	NA	NA	NA	NA

***Narrative Discussion***

Refer to “Compensation Discussion and Analysis”, above, and “Option Plan” and “Restricted Share Unit Plan” below, for a description of all plan based awards for directors and executive officers (including NEOs) and their significant terms.

### **Employment Agreements; Termination and Change of Control Benefits**

The Corporation has no contract, agreement plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in an NEO's responsibilities, except as described below:

Mr. Phillips provides Chief Executive Officer services to the Corporation through his wholly-owned management company. Mr. Phillips's contract for services renews monthly. As part of the contract for Mr. Phillip's services, the Corporation must give Mr. Phillips's management six months' notice of termination. If Mr. Phillips's contract was terminated on December 31, 2018 he would have been entitled to a payment of \$90,000.

Mr. Nagy provides Chief Financial Officer and Secretary services to the Corporation through his wholly-owned management company. Mr. Nagy's contract for services renews monthly. As part of the contract for Mr. Nagy's services, the Corporation must give Mr. Nagy's management sixty day notice of termination. If Mr. Nagy's contract was terminated on December 31, 2018 he would have been entitled to a payment of \$13,000.

### ***Pension Plan Benefits***

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

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

The following table sets forth as of December 31, 2018, the number of Shares issuable upon exercise of outstanding options and restricted share units ("RSUs"), the weighted exercise price of such outstanding options and the number of Shares remaining available for future issuance under all equity plans previously approved by the Shareholders and all equity plans not approved by the Shareholders. The only equity compensation plans of the Corporation are the Option Plan the Restricted Share Unit Plan.

<b>Plan Category</b>	<b>Number of Shares To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (A)</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (B)</b>	<b>Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) (C)</b>
Equity compensation plans previously approved by Shareholders: <ul style="list-style-type: none"><li>• Option Plan</li><li>• Restricted Share Unit Plan</li></ul>	2,025,000 Nil	\$0.50 N/A	948,852 <sup>(1)</sup> 1,367,148 <sup>(2)</sup>
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A

Note:

- (1) The aggregate number of Shares reserved for issuance under the Option Plan is such number of Shares as is equal to 10% of the total number of Shares issued and outstanding from time to time. As of December 31, 2018, 29,738,522 Shares were issued and outstanding.
- (2) The aggregate number of Shares reserved for issuance under the Restricted Share Unit Plan is such number of Shares is 1,367,148 Shares.

The aggregate number of Shares reserved for issuance upon the exercise of options pursuant to the Option Plan is such number of Shares as is equal to 10% of the total number of Shares issued and outstanding from time to time. As of the date hereof, the maximum number of Shares which may be issued under the Option Plan is 3,883,285 Shares, representing 10% of the 38,832,857 Shares currently issued and outstanding.

The aggregate number of Shares reserved for issuance under the Restricted Share Unit Plan is such number of Shares as is equal to 10% of the total number of Shares issued and outstanding from time to time. As of the date hereof, the maximum number of Shares which may be issued under the Restricted Share Unit Plan is 1,367,148 Shares.

As at the date hereof, options to purchase an aggregate of 2,800,000 Shares have been granted and are outstanding pursuant to the Option Plan and NIL restricted share units have been granted and are outstanding pursuant to the Restricted Share Unit Plan.

### **Option Plan**

The Option Plan allows the Corporation to grant options to its directors, officers, employees, and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Shares may be listed or may trade from time to time. The Option Plan authorizes the issuance of such number of Shares as is equal to 10% of the total number of Shares issued and outstanding from time to time. The number of Shares reserved for issue to any one person pursuant to the Option Plan, within any 12 month period, may not exceed 5% of the issued and outstanding Shares. The exercise price of options issued under the Option Plan may not be less than the market price of the Shares at the time the option is granted, subject to any discounts permitted by applicable securities laws and stock exchange rules. The maximum number of Shares which may be reserved for issuance to insiders under the Option Plan may not exceed 10% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of options which may be granted to any one consultant under the Option Plan, within any 12 month period, may not exceed 2% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of options which may be granted to “investor relations persons” under the Option Plan, within any 12 month period, may not exceed in the aggregate 2% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis). The Option Plan is attached in its entirety as Schedule “A” to this Circular.

### **Restricted Share Unit Plan**

The Restricted Share Unit Plan allows for certain discretionary bonuses and similar awards as an incentive and reward for selected eligible persons related to the achievement of long-term financial and strategic objectives of the Corporation and the resulting increases in the Corporation’s shareholder value. The Restricted Share Unit Plan is intended to promote a greater alignment of interests between the Corporation’s shareholders and the selected eligible persons by providing an opportunity to participate in increases in the value of the Corporation. RSUs are akin to “phantom shares” that track the value of the underlying shares of the Corporation but do not entitle the recipient (an “**RSU Grantee**”) to the actual underlying shares until such restricted share units vest. Eligible Participants Participation in the Restricted Share Unit Plan is restricted to employees and officers of the Corporation. Employees, including directors who are also employees, are eligible to participate in the Restricted Share Unit Plan. The Restricted Share Unit Plan will permit the Board to grant awards of RSUs to an RSU Grantee. Upon vesting, the RSUs will be converted on a one-for-one basis for freely tradable, non-restricted Shares. The Board shall have the discretion to stipulate the length of time for vesting and to determine various performance objectives based on certain business criteria as a pre-condition to a RSU vesting. It is the Board’s intent that all RSUs will only vest upon the lapse of a certain time period or the achievement of performance objectives designed to advance the Corporation’s business interests and increase the value of the Corporation. The performance objectives to be met will be established by the Board at the time of grant of the RSU. RSUs shall expire if they have not vested prior to an expiry date to be set by the Resulting Board, which shall be no later than December 31 of the third calendar year after the year in which the RSUs have been granted, and will be terminated to the extent the performance objectives or other vesting criteria have not been met. RSUs will remain outstanding and vest in accordance with their terms notwithstanding the subsequent termination of employment of an RSU Grantee, unless the RSU Grantee is terminated by the Corporation with cause, in which case all RSU awards of the RSU Grantee, whether vested or unvested will be forfeited and cancelled without payment. The maximum number of Shares available for issuance upon the vesting of RSUs under the Restricted Share Unit Plan, in the aggregate, shall not exceed 1,367,148 Shares, subject to any adjustments under the terms of the Restricted Share Unit Plan. The maximum number of post-consolidated shares issuable pursuant to the Restricted



Share Unit Plan, together with the Option Plan, shall not exceed 10% of the Corporation's issued and outstanding shares. The Restricted Share Unit Plan may be amended or discontinued by the Board at any time, subject to applicable regulatory and shareholder approvals, provided that no such amendment may materially and adversely affect any RSU previously granted under the Restricted Share Unit Plan without the consent of the RSU holder, except to the extent required by law. The Restricted Share Unit Plan is attached in its entirety as Schedule "B" to this Circular.

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

No current or former directors, executive officers or employees of the Corporation or any of its subsidiaries, no proposed nominees for election as directors, or any associates of such persons, is currently or has, at any time since the beginning of the Corporation's most recently completed financial year, been indebted to the Corporation or any of its subsidiaries, and no indebtedness of such persons is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Corporation.

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

Except as described below, no "informed person" (as such term is defined under applicable securities laws) of the Corporation, no proposed director of the Corporation or any associate or affiliate of any informed person or proposed director, has or had a material interest, direct or indirect, in any transaction since the beginning of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

### **AUDIT COMMITTEE**

National Instrument 52-110 – *Audit Committees* ("NI 52-110") requires the Corporation to disclose annually in its management information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

#### **Audit Committee Charter**

The Corporation's Audit Committee is governed by an audit committee charter, the text of which is attached as Schedule "C" to this Circular.

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

The Corporation's Audit Committee is currently comprised of Messrs. James Henderson (Chairman), Joseph Conway and William Pugliese. Each of Messrs. Joseph Conway and William Pugliese is considered to be "independent" within the meaning of NI 52-110. Mr. Henderson is not considered to be "independent" within the meaning of NI 52-110 as a result of his previous role as an officer of Mali Gold Exploration Pty Ltd, which became a wholly-owned subsidiary of the Corporation in November 2017. Each member of the Audit Committee is considered to be "financially literate" which is defined under NI 52-110 as 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 Corporation's financial statements.

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

See above for the biographical information of the members of the Corporation's Audit Committee.

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

The Audit Committee charter of the Corporation requires the Audit Committee to pre-approve all non-audit services to be provided by the external auditors. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation or the officer of the Corporation in charge of financial matters shall consult with the Chair of the Audit Committee, who shall have the authority to approve or disapprove on behalf of the Audit Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Audit Committee as a whole.

## Audit Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Corporation for professional services rendered to the Corporation for audit and non-audit related services for the financial years ended December 31, 2018 and 2017:

	Fees Billed During the Year Ended December 31, 2018	Fees Billed During the Year Ended December 31, 2017
Audit Fees <sup>(1)</sup>	\$16,000	\$25,500
Audit-related Fees <sup>(2)</sup>	Nil	\$18,900
Tax Fees <sup>(3)</sup>	\$2,500	\$2,500
All Other Fees	Nil	Nil
<b>Total</b>	<b>\$18,500</b>	<b>\$46,900</b>

Notes:

- (1) Aggregate fees billed for the Corporation's annual financial statements and services normally provided by the auditor in connection with the Corporation's statutory and regulatory filings
- (2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as "Audit Fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.
- (3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 – "Corporate Governance Guidelines" sets out a series of guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 – "Disclosure of Corporate Governance Practices" ("**NI 58-101**") requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance. Set out below is a description of the Corporation's approach to corporate governance in relation to the Guidelines.

### *The Board of Directors*

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment.

The Board is currently comprised of five members. Messrs. James Henderson, Larry Philips and Madani Diallo are not considered to be "independent" within the meaning of NI 58-101. Mr. Philips acts as the Chief Executive Officer of the Corporation. Mr. Diallo acts as the Vice President of Exploration of the Corporation. Mr. Henderson had a previous role as an officer of Mali Gold Exploration Pty Ltd, which became a wholly-owned subsidiary of the Corporation in November 2017.

Each of Messrs. Joseph Conway and William Pugliese is considered to be "independent" within the meaning of NI 52-110. Mr. Henderson is not considered to be "independent" within the meaning of NI 52-110 as a result of his previous role as an officer of Mali Gold Exploration Pty Ltd, which became a wholly-owned subsidiary of the Corporation.

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

### *Directorships*

The following directors of the Corporation also hold other reporting issuer directorships as set out below:

<b>Director</b>	<b>Reporting Issuer</b>	<b>Symbol</b>	<b>Stock Exchange</b>
Larry Phillips	Gowest Gold Ltd. California Gold Mining Inc.	GWA CGM	TSX-V TSX-V
Madani Diallo	Oklo Resources Limited	OKU	Australian Securities Exchange

### *Orientation and Continuing Education*

While the Corporation currently has no formal orientation and education program for new Board members, sufficient information (such as recent annual reports, financial statements, management discussion and analysis, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new Board member to ensure that new directors are familiarized with the Corporation's business and the procedures of the Board. As well, new directors meet with management of the Corporation to receive a detailed overview of the operations of the Corporation. All directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

### *Ethical Business Conduct*

The Board has adopted a Code of Business Conduct and Ethics which reflects the Corporation's commitment to a culture of honesty, integrity and accountability and outlines the basic principles and policies with which all directors, officers, employees and consultants are expected to comply. The Code of Business Conduct and Ethics addresses such matters as compliance with laws, conflicts of interest, confidential information, protection and proper use of the Corporation's assets, rules and regulations and the reporting of illegal and unethical behaviour.

We encourage personnel who become aware of a conflict or potential conflict or departures from the Code of Business Conduct and Ethics to bring it to the attention of management. We have also established additional procedures for confidential and anonymous reporting of complaints concerning accounting, internal accounting controls and auditing matters. The Board requires every director and executive officer to disclose any direct or indirect conflict of interest that he or she has and obtains annually from each director and executive officer formal confirmation of compliance with the Code of Business Conduct and Ethics.

Any waivers of the Code of Business Conduct and Ethics for directors or members of senior management may only be granted by the Board (or a committee to whom that authority has been delegated), while any waiver for all other employees may only be made by the Chief Executive Officer and upon prior review and disclosure with the Board.

### *Nomination of Directors*

While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with strong general business knowledge and, in particular, knowledge of mineral exploration and development or other areas necessary for the proper oversight of the Corporation (such as finance). The goal is to have a well-rounded board of directors capable of assisting in guiding the officers of the Corporation in all facets of the business. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the directors prior to the consideration of the Board as a whole.

### *Compensation*

The Board meets on an annual basis for the purpose of reviewing the adequacy and form of compensation of directors and the Chief Executive Officer to ensure that such compensation reflects the responsibilities, time commitment and risks involved in being an effective director and/or officer of the Corporation. The Corporation has formed a Compensation Committee which will make recommendations to the Board on all matters relating to the compensation of directors, members of the various committees of the Board and officers and employees of the Corporation, in order

to ensure that the Corporation is in a position to attract, motivate and retain high-calibre individuals. Among other functions, the Compensation Committee will monitor and evaluate the performance of the Chief Executive Officer and other members of senior management.

The Compensation Committee is currently comprised of Messrs. Larry Phillips and Joseph Conway. Mr. Joseph Conway is considered independent under NI 58-101. Mr. Larry Phillips is not be considered independent within the meaning of NI 52-110 as a result of his role as the chief executive officer to the Company. The Compensation Committee does not yet have a written mandate or charter, but intends to establish one in the near future. More information pertaining to compensation can be found under the heading “Statement of Executive Compensation” above.

#### *Assessments*

The Board assesses, on an annual basis, its contribution as a whole and the contribution of each of the constituent directors, in order to determine whether each is functioning effectively. No formal assessment criteria have been established and assessments are informal in nature. Given the size of the Board and the candid and open nature of its operation, formal assessment criteria are not considered to be required or warranted at this time; however, the Board may establish more formal assessment criteria in the future.

### **MANAGEMENT CONTRACTS**

Management functions of the Corporation are not performed by any person other than the directors or executive officers of the Corporation.

Mr. Phillips provides Chief Executive Officer services to the Corporation through his wholly-owned management company. Mr. Phillips’s contract for such services renews monthly. As part of the contract for Mr. Phillip’s services, the Corporation must give Mr. Phillips’s management six months’ notice of termination. If Mr. Phillips’s contract was terminated on December 31, 2018 he would have been entitled to a payment of \$90,000.

Mr. Nagy provides Chief Financial Officer and Secretary services to the Corporation through his wholly-owned management company. Mr. Nagy’s contract for such services renews monthly. As part of the contract for Mr. Nagy’s services, the Corporation must give Mr. Nagy’s management sixty day notice of termination. If Mr. Nagy’s contract was terminated on December 31, 2018 he would have been entitled to a payment of \$13,000.

### **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

Management of the Corporation knows of no matters to come before the Meeting other than as set forth in the accompanying Notice of Meeting. However, if other matters which are not known to management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

### ADDITIONAL INFORMATION

Additional information relating to the Corporation is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of the Corporation's audited financial statements and corresponding management's discussion and analysis for the financial year ended December 31, 2018 are available on SEDAR, or shareholders may request that copies be sent to them upon written request to the Corporation at 330 Bay Street, Suite 1400, Toronto, Ontario M5H 2S8.

The Board has approved the contents and the filing of this Circular.

DATED: May 27, 2019

### BY ORDER OF THE BOARD

(signed) "Larry Phillips"  
Chief Executive Officer and Director

## Schedule "A"

### COMPASS GOLD CORPORATION

#### STOCK OPTION PLAN

##### 1. PURPOSE OF THE PLAN

The Company hereby establishes a stock option plan for directors, senior officers, Employees, Management Company Employees and Consultants (as such terms are defined below) of the Company and its subsidiaries (collectively "**Eligible Persons**"), to be known as the "Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten (10) years as determined by the board of directors of the Company, to buy shares of the Company at a price not less than the Market Price prevailing on the date the option is granted less the applicable discount, if any, permitted by the policies of the Exchanges and approved by the Board.

##### 2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

- 2.1 "**Associate**" means an "Associate" as defined in the TSX Policies.
- 2.2 "**Black-Out Period**" means a period of time during which, pursuant to the policies of the Company, trading in Shares or Options is prohibited or restricted.
- 2.3 "**Board**" means the Board of Directors of the Company as constituted from time to time.
- 2.4 "**Change of Control**" means the acquisition by any person and/or its Joint Actors, whether directly or indirectly, of voting securities (as defined in the Securities Act) of the Company, which, when added to all other voting securities of the Company at the time held by such person and/or its Joint Actors, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board.
- 2.5 "**Code**" shall mean the U.S. Internal Revenue Code of 1986, as amended.
- 2.6 "**Company**" means Compass Gold Corporation and its successors.
- 2.7 "**Consultant**" means a "Consultant" as defined in the TSX Policies.
- 2.8 "**Consultant Company**" means a "Consultant Company" as defined in the TSX Policies.
- 2.8 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
- (a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
  - (b) acting as a director or officer of the Company or its subsidiaries.
- 2.9 "**Discounted Market Price**" means, in respect of Shares on a particular Grant Date, the Market Price less the maximum discount permitted by the Exchanges.

- 2.10 “**Disinterested Shareholder Approval**” means approval by a majority of the votes attaching to shares voted at a meeting of shareholders of the Company, excluding the votes attaching to shares held by persons with an interest in the subject matter of the resolution, in accordance with TSX Policies.
- 2.11 “**Eligible Persons**” has the meaning given to that term in section 1 hereof.
- 2.12 “**Employee**” means an “Employee” as defined in the TSX Policies.
- 2.13 “**Exchanges**” means the TSX Venture Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.14 “**Expiry Date**” means, in respect of an Option, the date set by the Board under paragraph 3.1 of the Plan as the last date on which such Option may be exercised, as may be extended in accordance with paragraph 4.5 of the Plan.
- 2.15 “**Expiry Time**” means, in respect of an Option, 4:00pm Pacific Standard Time on the Expiry Date of such Option.
- 2.16 “**Fair Market Value**” shall mean, with respect to any property (including, without limitation, any Shares), the fair market value of such property determined by such methods or procedures as are established from time to time by the Board. Unless otherwise determined by the Board, the fair market value of a Share as of a given date will be the price at which the last recorded sale of a board lot of Shares took place on the Exchanges immediately preceding the Grant Date.
- 2.17 “**Grant Date**” means, in respect of an Option, the date on which such Option is granted, as shall be specified in the Option Agreement for such Option.
- 2.18 “**Incentive Stock Option**” shall mean an Option granted to a U.S. Participant that is intended to qualify as an “incentive stock option” within the meaning of section 422 of the Code.
- 2.19 “**Insider**” means an “Insider” as defined in the TSX Policies.
- 2.20 “**Investor Relations Activities**” means “Investor Relations Activities” as defined in the TSX Policies.
- 2.21 “**Joint Actor**” means a person “acting jointly or in concert” with another person as that phrase is interpreted in Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*.
- 2.22 “**Management Company Employee**” means a “Management Company Employee” as defined in the TSX Policies.
- 2.23 “**Market Price**” means, in respect of Shares on a particular Grant Date, the closing price per Share on the last day on which Shares were traded immediately prior to either: (a) the day on which the Company announces the grant of the Option; or (b) if the grant is not announced, on the Grant Date. If the Shares are not listed on any stock exchange, “Market Price” of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- 2.24 “**Nonqualified Stock Option**” shall mean an Option granted to a U.S. Participant that is not an Incentive Stock Option.
- 2.25 “**Option**” means an option to purchase Shares granted pursuant to, or otherwise subject to, this Plan.
- 2.26 “**Option Agreement**” means an agreement, in the form attached hereto as Schedule “A”, whereby the Company grants to an Optionee an Option.

- 2.27 “**Optionee**” means a person holding an Option.
- 2.28 “**Option Price**” means the exercise price of an Option, being the per Share price at which the Optionee may acquire Option Shares pursuant to the exercise of such Option, such price to be specified in the Option Agreement for such Option, as may adjusted from time to time in accordance with the provisions of section 5.
- 2.29 “**Option Shares**” means the Shares which an Optionee may purchase under an Option.
- 2.30 “**Plan**” means this Stock Option Plan.
- 2.31 “**Shares**” means the common shares in the capital of the Company provided that, in the event of any adjustment pursuant to section 5, “Shares” shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.32 “**Securities Act**” means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.33 “**10% Shareholder**” shall mean a person who owns (taking into account the constructive ownership rules under section 424(d) of the Code) more than 10% of the total combined voting power of all classes of shares of the Company (or of any parent or subsidiary of the Company within the meaning of section 424(e) and 424(f) of the Code).
- 2.34 “**TSX Policies**” means the policies included in the TSX Venture Exchange Corporate Finance Manual and “**TSX Policy**” means any one of them.
- 2.35 “**Unissued Option Shares**” means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.36 “**U.S. Participant**” shall mean an Optionee who is a U.S. citizen or a U.S. resident, in each case as defined in the Code.
- 2.37 “**U.S. Securities Act**” shall mean the United States *Securities Act of 1933*, as amended.
- 2.38 “**Vested**” means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

### 3. GRANT OF OPTIONS

#### 3.1 Option Terms

Pursuant to paragraph 7.3 of the Plan, the Board shall have the authority to issue Options and set the terms of Options in accordance with the terms of the Plan and applicable policies of the Exchanges.

The Board may from time to time authorize the issue of Options to Eligible Persons.

Subject to the limitations in Section 6.2(a) applicable to U.S. Participants and Section 6.3(c) applicable to Incentive Stock Options, the Option Price for each Option shall be not less than the Discounted Market Price on the Grant Date provided that if an Option is granted within 90 days of the distribution of Shares by the Company pursuant to a prospectus, the Option Price must be the greater of the Discounted Market Price and the per share price paid for Shares acquired under such distribution. The 90 day period begins: (a) on the date a final receipt is issued for the prospectus, or, in the case of an initial public offering of Shares, on the date of listing of the Shares; or (ii) in the case of a prospectus that qualifies the distribution of Shares upon the exercise of special warrants, on the date of issuance of such special warrants.



The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten (10) years after the Grant Date, subject to the operation of paragraph 4.5. Options shall not be assignable (or transferable) by the Optionee.

### **3.2 Previously Granted Options**

In the event that on the date this Plan is implemented and effective (the “**Effective Date**”) there are outstanding stock options (the “**Pre-Existing Options**”) that were previously granted by the Company pursuant to any stock option plan in place prior to the Effective Date (a “**Pre-Existing Plan**”), all such Pre-Existing Options shall, effective as of the Effective Date, be governed by and subject to the terms of the Plan.

### **3.3 Limits on Shares Issuable on Exercise of Options**

At the time of grant of any Option, the aggregate number of Shares reserved for issuance under the Plan which may be made subject to Options at any time and from time to time (including those issuable upon the exercise of Pre-Existing Options) together with those Shares reserved for issuance at such time under any other established or proposed share compensation arrangement of the Company shall not exceed 10% of the total number of issued and outstanding Shares, on a non-diluted basis, as constituted on the Grant Date of such Option.

Any Shares subject to an Option which has been granted under the Plan and which has been subsequently cancelled or terminated in accordance with the terms of the Plan, without having been exercised, will again be available for issuance pursuant to the exercise of Options granted under the Plan.

The number of Shares which may be issuable under the Plan and all of the Company’s other previously established or proposed share compensation arrangements, in any 12 month period:

- (a) to any one person, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit;
- (b) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit;
- (c) to any one Consultant shall not exceed 2% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
- (d) to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis.

### **3.4 Option Agreements**

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee.

In respect of Options granted to Employees, Consultants, Consultant Companies or Management Company Employees, the Company is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary.

The execution of an Option Agreement by the Company shall constitute conclusive evidence that the Option issued thereunder has been awarded in compliance with this Plan.

## **4. EXERCISE OF OPTION**

### **4.1 When Options May be Exercised**

Subject to paragraphs 4.3, 4.4, 4.5 and 6.2, including, without limitation: (i) any restriction (including vesting requirements) on the number or percentage of Option Shares which may be purchased by the Optionee during any particular time period; (ii) any restriction on the exercise of Options pursuant to the requirements of a Black-Out Period or any regulatory authority having jurisdiction; and (iii) termination of the Option in accordance with the terms of the Plan, the unexercised portion of an Option may be exercised by the Optionee in whole or in part at any time after the Grant Date up to the Expiry Time and shall not be exercisable thereafter.

### **4.2 Manner of Exercise**

The Option shall be exercisable by delivering to the Company written notice specifying the number of Option Shares in respect of which the Option is being exercised together with payment in full of the Option Price for each such Option Share by way of certified cheque, bank draft, money order or cash. Upon receipt of such notice and payment by the Company, there will be a binding contract for the issue of the Option Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Upon an Optionee exercising an Option and paying the Company the aggregate purchase price for the Option Shares in respect of which the Option has been exercised, the Company shall as soon as practicable issue and deliver a certificate representing the Shares so purchased.

### **4.3 Vesting of Option Shares**

The Board, subject to the policies of the Exchanges, may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on Option grants set out in paragraph 3.3 hereof, all Options granted under the Plan shall vest and become exercisable in full upon grant, except Options granted to Consultants performing Investor Relations Activities, which Options must vest in stages over twelve months with no more than one-quarter of the Options vesting in any three month period. Notwithstanding the foregoing, in the event that a Pre-Existing Plan imposed vesting requirements on a Pre-Existing Option, such vesting requirements must be satisfied before any such Pre-Existing Options shall become Vested.

### **4.4 Ceasing to be an Eligible Person and Death**

#### **(a) Death or Disability**

If an Optionee (or: (a) in the case of an Optionee that is not an individual, the person that controls such Optionee; or (b) in the case of an Optionee that is a Consultant Company, all of the individuals who provide services to the Company or its subsidiaries on behalf of such Consultant Company) shall die, any Option held by such Optionee at the date of death shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period ending on the earlier of: (a) one year after the date of death of the Optionee, or such longer period as the Board may determine; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of death of such Optionee.

If the Optionee ceases to be an Eligible Person, due to his or her Disability or, in the case of an Optionee that is a company, the Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, any Option held by such Optionee at the date of Disability shall be exercisable in whole or in part for a period ending on the earlier of: (a) one year after the date of Disability of the Optionee or such longer period as the Board may determine; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of Disability of such Optionee.

#### **(b) Termination For Cause**

If the Optionee ceases to be an Eligible Person as a result of “termination for cause” of such Optionee by the

Company or its subsidiary (or in the case of an Optionee who is a Management Company Employee or Consultant, by the Optionee's employer), as that term is interpreted by the courts of the jurisdiction in which the Optionee is employed or engaged, any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her voluntary resignation, or to his or her termination by the Company or its subsidiary other than for cause (or, in the case of an Optionee who is a Management Company Employee or a Consultant, the termination of the company providing management or consultant services to the Company or its subsidiary), any outstanding Option then held by such Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of: (i) the Expiry Time; and (ii) the date that is 90 days (or 30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee ceases to be an Eligible Person or such longer period as determined by the Board.

(d) Spin-Out Transactions

If pursuant to the operation of sub-paragraph 5.3(c) an Optionee receives options (the "**New Options**") to purchase securities of another company (the "**New Company**") in respect of the Optionee's Options (the "**Subject Options**"), the New Options shall expire on the earlier of: (i) the Expiry Time of the Subject Options; (ii) if the Optionee does not become an Eligible Person in respect of the New Company, the date that the Subject Options expire pursuant to sub-paragraph 4.4(a), (b) or (c), as applicable; (iii) if the Optionee becomes an Eligible Person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to sub-paragraphs 4.4(a), (b) or (c) hereof; and (iv) the date that is two (2) years after the Optionee ceases to be an Eligible Person in respect of the New Company or such shorter period as determined by the Board.

(e) Interpretation

For purposes of this paragraph 4.4, the dates of death, Disability, termination, retirement, voluntary resignation, ceasing to be an Eligible Person and incapacity shall be interpreted to be without regard to any period of notice (statutory or otherwise) or whether the Optionee or his or her estate continues thereafter to receive any compensatory payments from the Company or is paid salary by the Company in lieu of notice of termination.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this paragraph 4.4 occurred, shall not be or become vested or exercisable in respect of such Unissued Option Shares and shall be cancelled.

#### **4.5 Extension of Expiry Date During Black-Out Period**

If the Expiry Date in respect of any Option occurs during or within five (5) trading days following a Black-Out Period imposed by the Company, the Expiry Date of the Option shall be automatically extended to the date that is ten (10) trading days following the end of such Black-Out Period (the "**Extension Period**"); provided that if an additional Black-Out Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Black-Out Period to enable the exercise of such Options within ten (10) trading days following the end of the last imposed Black-Out Period.

#### **4.6 Effect of a Take-Over Bid**

If a *bona fide* offer (an "**Offer**") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon (subject to the approval of the Exchanges) all Option Shares subject to such Option will become Vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the

Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then, subject to the limitations in Section 6.2(d) applicable to U.S. Participants, the Option Shares received upon such exercise, or in the case of sub-paragraph (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become Vested pursuant to paragraph 4.3 shall be reinstated. If any Option Shares are returned to the Company under this paragraph 4.6, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

#### **4.7 Acceleration of Expiry Date**

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Board may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, Vested, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer, provided that any accelerated vesting of Options granted to Consultants performing Investor Relations Activities shall be subject to the prior written approval of the Exchanges. The Board shall give each Optionee as much notice as possible of the acceleration of the Options under this paragraph, except that not less than 5 business days' and not more than 35 days' notice is required.

#### **4.8 Compulsory Acquisition or Going Private Transaction**

If and whenever, following a take-over bid or issuer bid, there shall be a compulsory acquisition of the Shares of the Company pursuant to Division 6 of the *Business Corporations Act* (British Columbia) or any successor or similar legislation, or any amalgamation, merger or arrangement in which securities acquired in a formal take-over bid may be voted under the conditions described in Section 8.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her Options, the aggregate amount of cash, shares, other securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Shares to the take-over bid.

#### **4.9 Effect of a Change of Control**

If a Change of Control occurs, all Option Shares subject to each outstanding Option will become Vested, whereupon such Option may be exercised in whole or in part by the Optionee, subject to the approval of the Exchanges, if necessary.

#### **4.10 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement**

If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company (including, in the case of a Management Company Employee or Consultant, termination of the company providing such management or consulting services to the Company or its subsidiary), the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

#### 4.11 Shares Not Acquired

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

### 5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

#### 5.1 Share Reorganization

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a “**Share Reorganization**”) then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
  - (i) the Option Price in effect immediately before that effective date or record date; and
  - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in clause (a)(ii).

#### 5.2 Special Distribution

Subject to the prior approval of the Exchanges, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a “**Special Distribution**”), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

#### 5.3 Corporate Organization

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any

other capital reorganization of the Company, other than as described in paragraphs 5.1 or 5.2;

- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities;
- (c) an arrangement or other transaction under which, among other things, the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company, or securities of another company, or both; or
- (d) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a "**Corporate Reorganization**") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Board.

#### **5.4 Determination of Option Price and Number of Unissued Option Shares**

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Board may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

#### **5.5 Regulatory Approval**

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of paragraphs 5.1, 5.2 or 5.3 is subject to the approval of the Exchanges and any other governmental authority having jurisdiction.

### **6. OPTIONS GRANTED TO U.S. PARTICIPANTS**

#### **6.1 Maximum Number of Shares for Incentive Stock Options**

Notwithstanding any other provision of this Plan to the contrary (including, but not limited to, Section 3.3), the number of Shares available for granting Incentive Stock Options under the Plan may not exceed 10% of the total number of Shares outstanding on a non-diluted basis as of the later of: (i) date this Plan is initially adopted by the Board of Directors or (ii) the date the Plan is approved (or re-approved) by the shareholders of the Company, subject to adjustment in accordance with Article 5.

#### **6.2 Special Requirements for Incentive Stock Options and Nonqualified Stock Options**

The stock option agreement relating to any Option granted to a U.S. Participant shall specify whether such Option is an Incentive Stock Option or a Nonqualified Stock Option. If no such specification is made, the Option will be (a) an Incentive Stock Option if all of the requirements under the Code are satisfied or (b) in all other cases, a Nonqualified Stock Option. In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to any Option granted to a U.S.

Participant:

- (a) The exercise price payable per Share upon exercise of an Option will not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option;
- (b) The Company may use its reasonable efforts to ensure that any adjustment with respect to the exercise price for and number of Shares subject to an Option (including, but not limited to, the adjustments contemplated under Section 5) granted to a U.S. Participant pursuant to this Plan will be made so as to comply with, and not create any adverse consequences under, sections 424 and 409A of the Code;
- (c) With respect to any extension of an Expiry Date in accordance with paragraph 4.5 of the Plan, the term “Black-Out Period” shall mean a period of time during which, pursuant to the policies of the Company that are reasonably designed to ensure compliance with applicable securities laws or rules of the Exchanges, trading in Shares or Options is prohibited or restricted; and
- (d) With respect to the right of rescission provided in Section 4.6, such right shall be limited so as to comply with, and not to create any adverse consequences under, section 409A or any other provision of the Code.

### **6.3 Special Requirements for Incentive Stock Options**

In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to an Incentive Stock Option:

- (a) An Incentive Stock Option may be granted only to employees (including a director or officer who is also an employee) of the Company (or of any parent or subsidiary of the Company). For purposes of this Article 6, the term “employee” shall mean a person who is an employee for purposes of the Code and the terms “parent” and “subsidiary” shall have the meanings set forth in sections 424(e) and 424(f) of the Code;
- (b) The Company will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the date of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Participant during any calendar year (under this Plan and all other plans of the Company and of any parent or subsidiary of the Company) exceeds US\$100,000 or any limitation subsequently set forth in section 422(d) of the Code;
- (c) The exercise price payable per Share upon exercise of an Incentive Stock Option will not be less than 100% of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, the exercise price payable per Share upon exercise of such Incentive Stock Option will be not less than 110% of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option;
- (d) An Incentive Stock Option will terminate and no longer be exercisable no later than ten years after the date of grant of such Incentive Stock Option; provided, however, that in the case of a grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, such Incentive Stock Option will terminate and no longer be exercisable no later than five years after the date of grant of such Incentive Stock Option;
- (e) If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Corporation) for any reason, whether voluntary or involuntary, other than death, permanent disability or cause, such Incentive Stock Option shall be exercisable by the U.S. Participant (to the extent such Incentive Stock Option was Vested on the date of cessation of employment) at any time prior to the earlier of (i) the date that is three months

after the date of cessation of employment or (ii) the expiration of the term of such Incentive Stock Option. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Corporation (or by any parent or subsidiary of the Corporation) because of the death or permanent disability of such U.S. Participant, such U.S. Participant, such U.S. Participant's personal representatives or administrators, or any person or persons to whom such Incentive Stock Option is transferred by will or the applicable laws of descent and distribution, may exercise such Incentive Stock Option (to the extent such Incentive Stock Option was Vested on the date of death or permanent disability, as the case may be) at any time prior to the earlier of (i) the date that is one year after the date of death or permanent disability, as the case may be, or (ii) the expiration of the term of such Incentive Stock Option. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Company) for cause, the right to exercise such Incentive Stock Option will terminate on the date of cessation of employment, unless otherwise determined by the directors. For purposes of this Article 6, the term "permanent disability" has the meaning assigned to that term in section 422(e)(3) of the Code;

- (f) An Incentive Stock Option granted to a U.S. Participant may be exercised during such U.S. Participant's lifetime only by such U.S. Participant;
- (g) An Incentive Stock Option granted to a U.S. Participant may not be transferred, assigned or pledged by such U.S. Participant, except by will or by the laws of descent and distribution; and
- (h) No Incentive Stock Option will be granted more than ten years after the earlier of the date this Plan is adopted by the Board or the date this Plan is approved by the shareholders of the Company.

## **7. MISCELLANEOUS**

### **7.1 Right to Employment**

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

### **7.2 Necessary Approvals**

The Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval. Disinterested Shareholder Approval (as required by the Exchanges) will be obtained for any reduction in the exercise price of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchanges and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

### **7.3 Administration of the Plan**

The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in paragraph 5.4, the interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.



#### **7.4 Income Taxes**

As a condition of and prior to participation in the Plan, any Optionee shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan.

#### **7.5 Amendments to the Plan**

The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders, the Exchanges or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

#### **7.6 Form of Notice**

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

#### **7.7 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

#### **7.8 Compliance with Applicable Law**

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

#### **7.9 No Assignment**

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

#### **7.10 Rights of Optionees**

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

#### **7.11 Conflict**

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

#### **7.12 Governing Law**

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

#### **7.13 Time of Essence**

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

**7.14 Entire Agreement**

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

Schedule “B”

COMPASS GOLD CORPORATION

RESTRICTED SHARE UNIT PLAN

PART 1

GENERAL PROVISIONS

**Establishment and Purpose**

1.1 The Company hereby establishes a restricted share unit plan known as the “Compass Gold Corporation Restricted Share Unit Plan.”

1.2 The purpose of this Plan is to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected Eligible Persons related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. This Plan is intended to promote a greater alignment of interests between the shareholders of the Company and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Company. The Plan is designed to comply with both United States federal and Canadian tax laws.

**Definitions**

1.3 In this Plan:

- (a) “**Affiliate**” means any corporation which is an affiliate, as such term is used in the *Canada Business Corporations Act*, of the Company;
- (b) “**Associates**” has the meaning ascribed thereto in the Securities Act (Ontario);
- (c) “**Applicable Withholding Tax**” has the meaning set forth in §3.9;
- (d) “**Award Agreement**” means a written agreement evidencing the grant of a Restricted Share Unit;
- (e) “**Award Payout**” means the applicable Share issuance in respect of a vested Restricted Share Unit pursuant and subject to the terms and conditions of this Plan and the applicable Award Agreement;
- (f) “**Board**” means the Board of Directors of the Company;
- (g) “**Change of Control**” in respect of any Recipient has the meaning ascribed to such term (in a relevant context) in either i) the Recipient’s then existing employment agreement with the Company, ii) the Recipient’s then existing Change of Control letter agreement with the Company or, if no meaning is so ascribed, means the acquisition by any person or by any person and its joint actors (as such term is defined in the Securities Act), whether directly or indirectly, of voting securities (as such term is defined in Securities Act) of the Company which, when added to all of the voting securities of the Company at the time held by such person and its joint actors, totals for the first time not less than 50% of the outstanding voting securities of the Company;
- (h) “**Code**” means the United States Internal Revenue Code of 1986, as amended.
- (i) “**Committee**” means the Compensation Committee of the Board or other committee of the Board, consisting of not less than three directors, to whom the authority of the Board is delegated in accordance with §1.5;

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- (j) “**Company**” means Compass Gold Corp., and includes any successor company thereto;
  - (k) “**Eligible Person**” means any person who is an Employee or Officer;
  - (l) “**Employee**” means an employee of the Company or of a Related Entity;
  - (m) “**Expiry Date**” means December 31 of the third calendar year after the Grant Date, or such earlier date as may be established by the Board and set forth in an applicable Award Agreement;
  - (n) “**Fair Market Value**” means, as at a particular date, for the purpose of calculating the applicable Vesting Date Value and Award Payout,
    - (i) if the Shares are listed on the TSXV, the volume weighted average price per Share traded on the TSXV over the last five trading days preceding that date,
    - (ii) if the Shares are not listed on the TSXV, the value established by the Board based on the volume weighted average price per Share traded on any other public exchange on which the Shares are listed over the same period, or
    - (iii) if the Shares are not listed on any public exchange, the value per Share established by the Board based on its determination of the fair value of a Share;
  - (o) “**Grant Date**” means the date of grant of any Restricted Share Unit;
  - (p) “**IFRS**” means the International Financial Reporting Standards as adopted by the Accounting Standards Board of Canada;
  - (q) “**Insider**” means any insider, as such term is defined in Subsection 1(1) of the Securities Act (Ontario), of the Company, other than a person who falls within that definition solely by virtue of being a director or senior officer of an Affiliate, and includes any Associate of any such insider;
  - (r) “**Just Cause**” means termination of Recipient’s employment without notice or pay in lieu of notice for reasons including (but not limited to):
    - (i) the Recipient’s wilful failure to follow the Company’s instructions or to perform the reasonable duties assigned to the Recipient by the Company;
    - (ii) the Recipient’s wilful misconduct or fundamental breach of any of the provisions of any employment agreement;
    - (iii) any conduct by the Recipient that brings the Recipient or the Company into disrepute; and
    - (iv) any other matter constituting just cause at common law.
  - (s) “**Officer**” means an individual who is an officer of the Company or of a Related Entity as an appointee of the Board or the board of directors of the Related Entity, as the case may be;
  - (t) “**Restricted Share Unit**” means a right granted under this Plan to receive the Award Payout on the terms contained in this Plan;
  - (u) “**Plan**” means this Compass Gold Restricted Share Unit Plan, as amended from time to time;
  - (v) “**Recipient**” means an Eligible Person who may be granted Restricted Share Units from time to time under this Plan;

- (w) “**Related Entity**” means a person that is controlled by the Company. For the purposes of this Plan, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of
- (i) ownership of or direction over voting securities in the second person,
  - (ii) a written agreement or indenture,
  - (iii) being the general partner or controlling the general partner of the second person, or
  - (iv) being a trustee of the second person;
- (x) “**Required Approvals**” has the meaning contained in §1.7.
- (y) “**Retirement**” means, with respect to a Recipient, the early or normal retirement of the Recipient within the meaning of the pension plan of the Company for salaried employees, whether or not such Recipient is a member of that pension plan, or, if the Company does not have such a plan, the date on which the Recipient reaches age 65;
- (z) “**Securities Act**” means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;
- (aa) “**Share**” means a common share in the capital of the Company as from time to time constituted after giving effect to the consolidation of the Company’s common shares disclosed in the Company’s news release of August 23, 2017;
- (bb) “**Termination**” means, with respect to a Recipient, that the Recipient has ceased to be an Eligible Person, other than as a result of Retirement, and has ceased to fulfil any other role as employee or officer of the Company or any Related Entity, including as a result of termination of employment, resignation from employment, removal as an officer, death or Total Disability;
- (cc) “**Termination Date**” means the date of Termination of a Recipient and, in the case of a Recipient who is an Employee, where the employment is terminated by the Company or a Related Entity, as applicable, whether wrongful or for Just Cause or otherwise, such date shall be the date notice of Termination is provided;
- (dd) “**Total Disability**” means, with respect to a Recipient, that, solely because of disease or injury, within the meaning of the long-term disability plan of the Company, the Recipient is deemed by a qualified physician selected by the Company to be unable to work at any occupation which the Recipient is reasonably qualified to perform;
- (ee) “**Trigger Date**” means, with respect to a Restricted Share Unit, the date set by the Board in the applicable Award Agreement, and if no date is set by the Board, then December 1 of the third calendar year following the Grant Date of the Restricted Share Unit;
- (ff) “**TSXV**” means The TSX Venture Exchange;
- (gg) “**United States**” means the United States of America, its territories and possessions and any state of the United States;
- (hh) “**U.S. Taxpayer**” means any Recipient who is a citizen or resident of the United States (including its territories, possessions and all areas subject to the jurisdiction) or is otherwise subject to income taxation under the laws of the United States; and
- (ii) “**Vesting Date Value**” means the notional value, as at a particular date, of the Fair Market Value of one Share.

## **Administration**

1.4 The Board will, in its sole and absolute discretion, but taking into account relevant corporate, securities and tax laws,

- (a) interpret and administer this Plan,
- (b) establish, amend and rescind any rules and regulations relating to this Plan, and
- (c) make any other determinations that the Board deems necessary or appropriate for the administration of this Plan;

provided that nothing in this §1.4 shall permit the Board to amend this Plan to allow the grant of Restricted Share Units to non-employee directors without obtaining Shareholder approval of such amendment. The Board may correct any defect or any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or appropriate. Any decision of the Board in the interpretation and administration of this Plan will be final, conclusive and binding on all parties concerned. All expenses of administration of this Plan will be borne by the Company.

## **Delegation to Committee**

1.5 All of the powers exercisable hereunder by the Board may, to the extent permitted by law and as determined by a resolution of the Board, be delegated to a Committee including, without limiting the generality of the foregoing, those referred to under §1.4).

## **Incorporation of Terms of Plan**

1.6 Subject to specific variations approved by the Board and set forth in an Award Agreement, all terms and conditions set out herein will be incorporated into and form part of each Restricted Share Unit granted under this Plan.

## **Effective Date**

1.7 This Plan will be effective on upon completion of the Company's acquisition of Mali Gold Exploration Pty Ltd. After such date, the Board may, in its discretion, at any time, and from time to time, issue Restricted Share Units to Eligible Persons as it determines appropriate under this Plan. However, any such issued Restricted Share Units may not be paid out in Shares in any event until receipt of the necessary approvals from disinterested shareholders of the Company, the TSXV, and any other regulatory bodies (the "Required Approvals"). This Plan shall also be subject to Policy 4.4 of the TSXV, where applicable.

## **Maximum Number of Shares and Maximum Award Value**

1.8 The aggregate number of Shares available for issuance from treasury under this Plan, in the aggregate, is 1,367,098 Shares, subject to adjustment pursuant to §2.8, provided that the maximum number of Shares issuable pursuant to this Plan, or when combined with all of the Company's other security-based compensation arrangements, shall not exceed 10% of the Resulting Issuer's issued and outstanding shares, subject to any adjustments; and

Any Shares subject to a Restricted Share Unit which has been granted under the Plan and which is settled, cancelled or terminated in accordance with the terms of the Plan shall again be available under the Plan.

1.9 Notwithstanding anything in this Plan, the maximum number of Shares which may be issued to:

- (a) any individual at the time of grant under this Plan may be no more than one percent (1%) of the outstanding Shares of the Company; and

(b) any individual in any twelve (12) month period may be, in aggregate, no more than two percent (2%) of the outstanding Shares of the Company,

less the aggregate number of shares reserved for issuance or issuable under any other share compensation arrangement of the Company.

## **PART 2**

### **AWARDS UNDER THIS PLAN**

#### **Recipients**

2.1 Only Eligible Persons are eligible to participate in this Plan and receive one or more Restricted Share Units. Restricted Share Units that may be granted hereunder to a particular Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or a Related Entity, as the case may be, in the Company's or the Related Entity's fiscal year ending in, or coincident with, such calendar year.

#### **Grant**

2.2 The Board may, in its discretion, at any time, and from time to time, grant Restricted Share Units to Eligible Persons as it determines is appropriate, subject to the limitations set out in this Plan. In making such grants the Board may, in its sole discretion but subject to §2.4, in addition to Performance Conditions set out below, impose such conditions on the vesting of the Restricted Share Units as it sees fit, including imposing a vesting period on grants of Restricted Share Units.

#### **Performance Conditions**

2.3 At the time a grant of a Restricted Share Unit is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of Restricted Share Units as may be specified by the Committee in the applicable Award Agreement (the "**Performance Conditions**"). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions, and may exercise its discretion to reduce the amounts payable under any Award Agreement subject to Performance Conditions. The Board may determine that a Restricted Share Unit shall vest in whole or in part upon achievement of any one performance condition or that two or more Performance Conditions must be achieved prior to the vesting of a Restricted Share Unit. Performance Conditions may differ for Restricted Share Units granted to any one Grantee or to different Grantees.

#### **Vesting**

2.4 Except as otherwise provided in §§ 3.5, 3.6 or 3.7 or elsewhere in this Plan, Restricted Share Units issued under this Plan will vest on the Trigger Date provided that any applicable Performance Conditions have been satisfied on or before the Trigger Date and provided further, that the Recipient has continued to be an Employee or Officer until the applicable Trigger Date. For the avoidance of doubt, the term "vest" or "vested" as pertaining to U.S. Taxpayers under this Plan shall mean that a Restricted Share Unit is no longer subject to a "substantial risk of forfeiture" as such term is defined in Section 409A(d)(4) of the Code and Section 1.409A-1(d)(1) of the Treasury Regulations promulgated by the United States Treasury Department.

No Restricted Share Unit will remain outstanding for any period which exceeds the Expiry Date of such Restricted Share Unit.

#### **Forfeiture and Cancellation Upon Expiry Date**

2.5 Restricted Share Units which do not vest on or before the Expiry Date of such Restricted Share Unit will be automatically cancelled, without further act or formality and without compensation. Any Restricted Share

Units granted to a U.S. Taxpayer which do not vest either as a result of termination of employment or services prior to the Trigger Date or as a result of a failure to satisfy any applicable Performance Conditions as of the applicable time will be automatically cancelled, without further act or formality and without compensation, as of the earlier of the termination of employment or services or the Trigger Date.

#### **Account**

2.6 Restricted Share Units issued pursuant to this Plan (including fractional Restricted Share Units, computed to three digits) will be credited to a notional account maintained for each Recipient by the Company for the purposes of facilitating the determination of amounts that may become payable hereunder. A written confirmation of the number of Restricted Share Units in each Recipient's account will be sent by the Company to the Recipient upon request of the Recipient.

#### **Dividend Equivalents**

2.7 On any date on which a cash dividend is paid on Shares, a Recipient's account will be credited with the number and type of Restricted Share Units (including fractional Restricted Share Units, computed to three digits) calculated by

(a) multiplying the amount of the dividend per Share by the aggregate number of Restricted Share Units that were credited to the Eligible Person's notional account as of the record date for payment of the dividend, and

(b) dividing the amount obtained in §(a) by the Fair Market Value on the date on which the dividend is paid.

Any additional Restricted Share Units resulting from the application of this §2.7 shall become vested and payable at the same time that the Restricted Share Units under §2.7(a), to which such new Restricted Share Units are allocable, become vested and payable. The new Restricted Share Units shall be allocable pro-rata to the Restricted Share Units under §2.7(a).

#### **Adjustments and Reorganizations**

2.8 In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of Restricted Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

#### **Notice and Acknowledgement**

2.9 No certificates will be issued with respect to the Restricted Share Units issued under this Plan, unless and until Shares are actually issued upon settlement of the Restricted Share Unit. Each Eligible Person will, prior to being granted any Restricted Share Units, deliver to the Company a signed acknowledgement substantially in the form of Schedule "A" to this Plan.

### **PART 3**

#### **PAYMENTS UNDER THIS PLAN**

##### **Payment of Restricted Share Units**

3.1 Subject to the terms of this Plan and, in particular, §3.9 of this Plan, the Company will pay out vested Restricted Share Units issued under this Plan by paying or issuing (net of any Applicable Withholding Tax) to such Recipient, on or subsequent to the Trigger Date but no later than the Expiry Date of such Vested Restricted Share



Unit, or, with respect to Restricted Share Units held by a U.S. Taxpayer, no later than **thirty** (30) days after the Trigger Date (or any earlier date upon which the Restricted Share Unit is no longer subject to a substantial risk of forfeiture under Section 409A of the Code), an Award Payout of either:

- (a) subject to receipt of the Required Approvals, one Share for such whole vested Restricted Share Unit. Fractional Shares shall not be issued and where a Recipient would be entitled to receive a fractional Share in respect of any fractional vested Restricted Share Unit, the Company shall pay to such Recipient, in lieu of such fractional Share, cash equal to the Vesting Date Value as at the Trigger Date of such fractional Share. Each Share issued by the Company pursuant to this Plan shall be issued as fully paid and non-assessable, or
- (b) if the Company has not received the Required Approvals or is prohibited from issuing Shares pursuant to §3.2, a cash amount equal to the Vesting Date Value as at the Trigger Date of such vested Restricted Share Unit.

#### **Limitation on Issuance of Shares to Insiders**

3.2 Notwithstanding anything in this Plan, the Company shall not issue Shares under this Plan to any Eligible Person who is an Insider of the Company where such issuance would result in:

- (a) the total number of Shares issuable at any time under this Plan to Insiders, or when combined with all other Shares issuable to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non-diluted basis; and
- (b) the total number of Shares that may be issued to Insiders during any one year period under this Plan, or when combined with all other Shares issued to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non diluted basis.

Where the Company is precluded by this §3.2 from issuing Shares to an Insider of the Company, the Company will pay to the relevant Insider a cash Award Payout in an amount equal to the Vesting Date Value as at the Trigger Date of the Restricted Share Unit.

#### **Consultants and Advisors**

3.3 The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under this Plan and other amounts and values to be determined hereunder or in respect of this Plan including, without limitation, those related to a particular Fair Market Value.

#### **Cancellation on Termination for Just Cause or Resignation**

3.4 Subject to §3.5, §3.6 and §3.7 of this Plan, unless the Board at any time otherwise determines, all unvested Restricted Share Units held by any Recipient and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a Termination arising from the termination of employment or removal from service by the Company or a Related Entity for Just Cause, or for the resignation of a Recipient.

#### **Retirement, Total Disability, Death and Termination Without Cause**

3.5 Except as provided in §3.6 with respect to a Recipient who is a U.S. Taxpayer, if any Recipient (other than a U.S. Taxpayer) ceases to be an Eligible Person for any of the following reasons, unvested Restricted Share Units will continue to remain outstanding and vest in accordance with the terms of this Plan for a period of sixty (60) days after the Termination Date as if such person was an Eligible Person:

- (a) Retirement of the Recipient;
- (b) death or Total Disability of a Recipient; and
- (c) the Termination of employment or removal from service by the Company or a Related Entity without cause.

Any Restricted Share Units granted to such Recipient which have not become vested Restricted Share Units on or before the date that is sixty (60) days from the Termination Date shall terminate and become null and void as of such date.

#### **Total Disability and Death and Termination Without Cause for U.S. Taxpayers**

3.6 Unless otherwise provided in an applicable Award Agreement, if a Recipient who is a U.S. Taxpayer ceases to be an Eligible Person as a result of the following events:

- (a) death or Total Disability;
- (b) the Termination of employment or removal from service by the Company or a Related Entity without cause,

then, any Restricted Share Units granted to such Recipient that are then outstanding but unvested shall become fully vested as of the occurrence of such event. The Award Payout for all Restricted Share Units that become vested under this §3.6 shall be made within thirty (30) days after such Restricted Share Units first became vested.

#### **Termination on Change of Control**

3.7 Notwithstanding anything else in this Plan, all unvested Restricted Share Units held by any Recipient will automatically vest, without further act or formality, immediately in the event of a Termination arising from the resignation or cessation of employment or service by the Recipient based on a material reduction or change in position, duties or remuneration of the Recipient at any time within 12 months after the occurrence of a Change of Control (the “**Early Trigger Date**”). Notwithstanding the foregoing, with respect to Restricted Share Units granted to a U.S. Taxpayer, such an Early Trigger Date will occur only if the resignation or cessation of employment or service by the Recipient within 12 months after the occurrence of a Change of Control is based on a material reduction in base compensation or material adverse change in the Recipient’s authority, duties or responsibilities during such period, without the Recipient’s consent, provided that the Recipient notifies the Company in writing of the existence of such circumstance within sixty (60) days of the initial existence of such circumstance and the Company does not remedy such circumstance within thirty (30) days of the Recipient’s notice.

3.8 Upon the occurrence of an Early Trigger Date of this Plan, the Company will pay out on such vested Restricted Share Units issued under this Plan and by paying (net of any Applicable Withholding Tax) to such Recipient on or subsequent to the Early Trigger Date, but no later than 10 days after the Early Trigger Date, an Award Payout in an amount equal to the Vesting Date Value as at the Early Trigger Date of such Restricted Share Units. Payments in respect of Restricted Share Units credited to the accounts of persons who are deceased will be made to or for the benefit of the legal representative of such person in accordance with §3.1.

#### **Tax Matters and Applicable Withholding Tax**

3.9 The Company does not assume any responsibility for or in respect of the tax consequences of the receipt by Recipients of Restricted Share Units, or payments received by Recipients pursuant to this Plan. The Company or relevant Related Entity, as applicable, is authorized to deduct such taxes and other amounts as it may be required or permitted by law to withhold (“**Applicable Withholding Tax**”), in such manner (including, without limitation, by withholding or selling Shares otherwise issuable to Recipients, on such terms as the Company determines) as it determines so as to ensure that it will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, or the remittance of tax

or other obligations. The Company or relevant Related Entity, as applicable, may require Recipients, as a condition of receiving amounts to be paid to them under this Plan, to deliver undertakings to, or indemnities in favour of, the Company or Related Entity, as applicable, respecting the payment by such Recipients of applicable income or other taxes.

## **PART 4**

### **MISCELLANEOUS**

#### **Compliance with Applicable Laws**

4.1 The issuance by the Company of any Restricted Share Units and its obligation to make any payments hereunder is subject to compliance with all applicable laws. As a condition of participating in this Plan, each Recipient agrees to comply with all such applicable laws and agrees to furnish to the Company all information and undertakings as may be required to permit compliance with such applicable laws. The Company will have no obligation under this Plan, or otherwise, to grant any Restricted Share Unit or make any payment under this Plan in violation of any applicable laws. In addition, any certificates representing Restricted Share Units or Shares issued in the United States shall bear a legend restricting transfer under United States federal state securities laws.

#### **Non-Transferability**

4.2 Restricted Share Units and all other rights, benefits or interests in this Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Recipient dies the legal representatives of the Recipient will be entitled to receive the amount of any payment otherwise payable to the Recipient hereunder in accordance with the provisions hereof.

#### **No Right to Service**

4.3 Neither participation in this Plan nor any action under this Plan will be construed to give any Eligible Person or Recipient a right to be retained in the service or to continue in the employment of the Company or any Related Entity, or affect in any way the right of the Company or any Related Entity to terminate his or her employment at any time.

#### **Successors and Assigns**

4.4 This Plan will enure to the benefit of and be binding upon the respective legal representatives of the Eligible Person.

#### **Plan Amendment**

4.5 The Board may amend this Plan as it deems necessary or appropriate, subject to the requirements of applicable laws, but no amendment will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan. For greater certainty and without limiting the foregoing, prior approval of the disinterested shareholders of the Company and the TSXV shall be required for any amendment to the Plan that would increase the maximum number of Shares that may be issuable from treasury pursuant to Restricted Share Units granted under this Plan (as set out in §1.8), other than an adjustment pursuant to §2.8.

4.6 The Board may, without notice, at any time and from time to time, and without shareholder approval, amend the Plan or any provisions thereof in such manner as the Board, in its sole discretion, determines appropriate, including, without limitation:

- (a) for the purposes of making formal minor or technical modifications to any of the provisions of the Plan;

- (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Plan;
- (c) to change the vesting provisions of Restricted Share Units;
- (d) to change the termination provisions of Restricted Share Units or the Plan which does not entail an extension beyond the original Expiry Date of the Restricted Share Units; or
- (e) to make any amendments necessary or advisable because of any change in Applicable Law;

provided, however, that no such amendment of the Plan may be made without the consent of each affected Recipient in the Plan if such amendment would adversely affect the rights of such affected Recipient(s) under the Plan.

#### **Plan Termination**

4.7 The Board may terminate this Plan at any time, but no termination will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan. In no event will a termination of this Plan accelerate the vesting of Restricted Share Units or the time at which a Recipient would otherwise be entitled to receive any payment in respect of Restricted Share Units hereunder.

#### **Governing Law**

4.8 This Plan and all matters to which reference is made in this Plan will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.

#### **Reorganization of the Company**

4.9 The existence of this Plan or Restricted Share Units will not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, Shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or consolidation involving the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

#### **No Shareholder Rights**

4.10 Restricted Share Units are not considered to be Shares or securities of the Company, and a Recipient who is issued Restricted Share Units will not, as such, be entitled to receive notice of or to attend any shareholders' meeting of the Company, nor entitled to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, and will not be considered the owner of Shares by virtue of such issuance of Restricted Share Units.

#### **No Other Benefit**

4.11 No amount will be paid to, or in respect of, a Recipient under this Plan to compensate for a downward fluctuation in the Fair Market Value or price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Recipient for such purpose.

#### **Unfunded Plan**

4.12 For greater certainty, this Plan will be an unfunded plan, including for tax purposes and for purposes of the Employee Retirement Income Security Act (United States). Any Recipient to which Restricted Share Units are credited to his or her account or holding Restricted Share Units or related accruals under this Plan will have the status of a general unsecured creditor of the Company with respect to any relevant rights that may arise thereunder.

### **U.S. Code Section 409A for U.S. Taxpayers**

It is intended that all Award Payouts made under the Plan to U.S. Taxpayers shall be exempt from Section 409A of the Code as a short-term deferral within the meaning of Section 1.409A-1(b)(4) of the Treasury Regulations. Towards that end, each Restricted Share Unit granted under the Plan to U.S. Taxpayers shall be construed to contain such terms as will qualify the Restricted Stock Unit for such exemption from Section 409A of the Code. Notwithstanding the foregoing, however, the Company shall not be liable to any Recipient or any beneficiary of a Recipient if any Restricted Share Unit under this Plan or any payment thereunder is subject to Section 409A of the Code or the Recipient or any beneficiary of a Recipient is otherwise subject to any additional tax, interest or penalty for failure to comply with Section 409A of the Code.

### **Securities Law Matters**

If a grant under this Plan is made to a director, officer, promoter or other insider of the Company, and unless the grant is qualified by prospectus, or issued under a securities take-over bid, rights offering, amalgamation, or other statutory procedure, then the Restricted Share Unit will be subject to a four month resale restriction imposed by the TSXV.

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Schedule "C"

**COMPASS GOLD CORPORATION**

**TEXT OF THE AUDIT COMMITTEE CHARTER**

*General*

The Audit Committee is a committee of the Board, the primary function of which is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls and management information systems that management has established under supervision of the Audit Committee, the Company's internal and external audit process and monitoring compliance with the Company's legal and regulatory requirements with respect to its financial statements.

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to attempt to maintain an open communication between the Company's external auditors and the Board.

The responsibilities of a member of the Audit Committee are in addition to such member's duties as a member of the Board.

The Audit Committee does not plan or perform audits or warrant the accuracy or completeness of the Company's financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibility of management and the external auditors.

*Membership*

The Audit Committee consists of at least three directors who shall serve on behalf of the Board. The members are appointed annually by the Board and shall meet the independence, financial literacy and experience requirements of the TSXV and other regulatory agencies as required.

*Procedural Matters*

The Audit Committee shall be governed by the following Audit Committee Terms of Reference adopted by the Board, save as modified by the following procedural requirements and powers. The Audit Committee:

- (a) shall meet at least four times per year, either by telephone conference or in person.
- (b) may invite the Company's external auditors, the CFO, and such other persons as are deemed appropriate by the Audit Committee to attend meetings of the Audit Committee.
- (c) shall report material decisions and actions of the Audit Committee to the Board, together with such recommendations as the Audit Committee may deem appropriate, at the next Board meeting.
- (d) shall review the performance of the Audit Committee on an annual basis and report to the Board.
- (e) shall review and assess the Mandate for the Audit Committee at least annually and submit any proposed revisions to the Board for approval.
- (f) has the power to conduct or authorize investigations into any matter within the scope of its responsibilities. It has the right to engage independent counsel and other advisors as it determines necessary to carry out its duties and the right to set the compensation for any advisors employed by the Audit Committee.
- (g) has the right to communicate directly with the CFO and other members of management who have responsibility for the audit process ("**internal audit management**"), if applicable, and external auditors.
- (h) has the right to pre-approve non-audit services (subject to ratification by the Board at its next meeting) to be performed by the external auditors. The Audit Committee may delegate certain pre-approval functions for non-audit services to one or more independent members of its Audit Committee if it first adopts specific policies and procedures respecting same and provided such decisions are presented to the full Audit Committee for approval at its next meeting.

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No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by resolution in writing signed by all the members of the Audit Committee. A majority of the members of the Audit Committee shall constitute a quorum, provided that if the number of members of the Audit Committee is an even number, one-half of the number of members plus one shall constitute a quorum.

The Audit Committee shall have the authority to engage independent counsel and other advisors as the Audit Committee may deem appropriate in its sole discretion and to set and pay the compensation for any advisors employed by the Audit Committee. The Audit Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

The Audit Committee shall have access to any and all books and records of the Company necessary for the execution of the Audit Committee's obligations and shall discuss with the CEO or CFO such records and other matters considered appropriate.

### *Responsibilities*

The Audit Committee has primary responsibility for the selection, appointment, dismissal, compensation and oversight of the external auditors, subject to the overall approval of the Board. For this purpose, the Audit Committee may consult with management.

### External Auditors

The responsibilities of the Audit Committee are to:

- (a) recommend to the Board:
  - (i) whether the current external auditor should be reappointed for the ensuing year and the amount of compensation payable; and
  - (ii) if the current external auditor is not to be reappointed, select and recommend a suitable alternative;
- (b) oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Company;
- (c) resolve disagreements, if any, between management and the external auditors regarding financial reporting. It accomplishes this by querying management and the external auditors. The Audit Committee provides the Board with such recommendations and reports with respect to the financial statements of the Company as it deems advisable;
- (d) take reasonable steps to confirm the independence of the external auditors, including but not limited to pre-approving any non-audit related services provided by the external auditors to the Company or the Company's subsidiaries, if any, with a view to ensuring independence of the auditors, and in accordance with any applicable regulatory requirements, including the requirements of TSXV with respect to approval of non-audit related services performed by the external auditors;
- (e) obtain from the external auditors confirmation that the external auditors are a 'participating audit' firm for the purpose of National Instrument 52-108, *Auditor Oversight*, and are in compliance with governing regulations;
- (f) review and evaluate the performance of the external auditors including the external auditors' internal quality-control procedures; and
- (g) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Company's external auditors.

### Internal Auditors

The Audit Committee is to assist Board oversight of the performance of the Company's internal audit function, if any. In connection with the Corporation's internal audit function, if any, the Audit Committee shall:

- (a) review the terms of reference of the internal auditor, if any, and meet with the internal auditor as the Audit Committee may consider appropriate to discuss any concerns or issues;
- (b) in consultation with the external auditor and the internal audit group, review the adequacy of the Company's internal control structure and procedures designed to ensure compliance with laws and regulations and any special audit steps adopted in light of material deficiencies and controls;
- (c) review the internal control report prepared by management, including management's assessment of the effectiveness of the Company's internal control structure and procedures for financial reporting; and
- (d) periodically review with the internal auditor, if any, any significant difficulties, disagreements with management or scope restrictions encountered in the course of the work of the internal auditor.

#### Audit and Review Process and Results

The Audit Committee has a duty to receive, review and make any inquiry regarding the completeness, accuracy and presentation of the Company's financial statements to ensure that the financial statements fairly present the financial position and risks of the organization and that they are prepared in accordance with generally accepted accounting principles. To accomplish this, the Audit Committee is required to:

- (a) review annually the Company's internal system of audit and financial controls, internal audit procedures and results of such audits;
- (b) prior to the annual audit by external auditors, consider the scope and general extent of the external auditors' review, including their engagement letter;
- (c) ensure the external auditors have full, unrestricted access to required information and have the cooperation of management;
- (d) review with the external auditors, in advance of the audit, the audit process and standards, as well as regulatory or Company-initiated changes in accounting practices and policies and the financial impact thereof, and selection or application of appropriate accounting principles;
- (e) review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements. Review the appropriateness and disclosure of any off-balance sheet matters. Review disclosure of related-party transactions;
- (f) receive and review with the external auditors, the external auditors' audit report and the audited financial statements. Make recommendations to the Board respecting approval of the audited financial statements;
- (g) meet with the external auditors separately from management to review the integrity of the Company's financial reporting, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates, performance of internal audit management, any significant disagreements or difficulties in obtaining information, adequacy of internal controls over financial reporting and the degree of compliance of the Company with prior recommendations of the external auditors. The Audit Committee shall direct management to implement such changes as the Audit Committee considers appropriate, subject to any required approvals of the Board arising out of the review; and
- (h) meet at least annually with the external auditors, independent of management, and report to the Board on such meetings.

#### Interim Financial Statements and MD&A

The Board has delegated to the Audit Committee the power to approve the Company's interim financial statements and management's discussion and analysis. The Audit Committee shall:

- (a) review on an annual basis the Company's practice with respect to review of interim financial statements by the external auditors;
- (b) conduct all such reviews and discussions with the external auditors and management as it deems appropriate;



- (c) review and, if appropriate approve the interim financial statements and management's discussion and analysis; and
- (d) review the interim financial statements with the external auditors if the external auditors conduct a review of the interim financial statements.

#### Involvement with Management

The Audit Committee has primary responsibility for overseeing the actions of management in all aspects of financial management and reporting. The Audit Committee:

- (a) shall review all public disclosure of financial information extracted from the Company's financial statements prior to such information being made public by the Company and for such purpose, the CEO assumes responsibility for providing the information to the Audit Committee for their review;
- (b) review material financial risks with management, the plan that management has implemented to monitor and deal with such risks and the success of management in following the plan;
- (c) consult annually and otherwise as required with the Company's CEO and CFO respecting the adequacy of the internal controls and review any breaches or deficiencies;
- (d) obtain such certifications by the CEO and CFO attesting to internal controls, disclosure and procedures as deemed advisable;
- (e) review management's response to significant written reports and recommendations issued by the external auditors and the extent to which such recommendations have been implemented by management;
- (f) review as required with management annual financial statements, quarterly financial statements, management's discussion & analysis, annual information forms, future-oriented financial information or pro-forma information and other financial disclosure in continuous disclosure documents;
- (g) review with management the Company's compliance with applicable laws and regulations respecting financial matters;
- (h) review with management proposed regulatory changes and their impact on the Company; and
- (i) review with management and approve public disclosure of the Audit Committee Mandate in the Company's annual information form, information circular and on the Company's website.

#### *Complaints*

Complaints regarding accounting, internal accounting controls, or auditing matters may be submitted to the Audit Committee, to the attention of the Chair of the Audit Committee. Complaints may be made anonymously and, if not made anonymously, the identity of the person submitting the complaint will be kept confidential. Upon receipt of a complaint, the Chair of the Audit Committee will conduct or designate a member of the Audit Committee to conduct an initial investigation. If the results of that initial investigation indicate there may be any merit to the complaint, the matter will be brought before the Audit Committee for a determination of further investigation and action. Records of complaints made and the resulting action or determination with respect to the complaint shall be documented and kept in the records of the Audit Committee for a period of three years.

#### *Reporting*

The Audit Committee shall report to the Board at its regularly scheduled meetings.