

**ZINC ONE RESOURCES INC.**

Suite 410, 1040 West Georgia Street, Vancouver, BC V6E 4H1

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the annual general and special meeting of the shareholders of Zinc One Resources Inc. (the “Company”) will be held at Suite 410, 1040 West Georgia Street, Vancouver, BC, V6E 4H1 on August 22, 2019 at 10:00 a.m. (PST) for the following purposes:

1. to fix the number of directors at three (3);
2. to elect Gunther Roehlig, W. Barry Girling and Greg Crowe as directors for the ensuing year;
3. to appoint Charlton & Co. LLP, Professional Chartered Accountants, as the auditors of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
4. to consider, and if thought fit, to pass an ordinary resolution approving and ratifying the Company’s 10% rolling stock option plan as more particularly described in the accompanying Information Circular;
5. to consider, and if thought fit, for disinterested shareholders to pass an ordinary resolution approving the joint venture with InCoR Zinc Ltd. in respect of the Bongará project in Peru, as more particularly described in the accompanying Information Circular.
6. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the “**Board**”) requests that all shareholders who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. (“**Computershare**”). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by 10:00 a.m. (PST) on **Tuesday, August 20, 2019** (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on **Thursday, August 22, 2019** will be entitled to vote at the Meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 22<sup>nd</sup> day of July, 2019.

**ON BEHALF OF THE BOARD**

“*Gunther Roehlig*”

Gunther Roehlig  
Chief Executive Officer and Director

**ZINC ONE RESOURCES INC.**  
Suite 410-1040 West Georgia Street, Vancouver, BC V6E 4H1

**INFORMATION CIRCULAR**  
(as at July 22, 2019 except as otherwise indicated)

Zinc One Resources Inc. (the "Company") is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general and special meeting (the "Meeting") of the Company to be held at Suite 410, 1040 West Georgia Street, Vancouver, BC, V6E 4H1 on August 22, 2019 at 10:00 a.m. (PST). Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation. All amounts referred to as \$ or dollars means Canadian currency, unless otherwise indicated.

**APPOINTMENT OF PROXYHOLDER**

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

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

**VOTING BY PROXY**

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

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

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

**COMPLETION AND RETURN OF PROXY**

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M4J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

**NON-REGISTERED HOLDERS**

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

nominee for the Depository Trust Company (which acts as a brokerage depository for many U.S. firms and custodial banks). If you purchased your shares through a broker, you are likely a non-registered holder.

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

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

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

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners" ("**NOBOs**"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("**OBOs**").

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") of the Canadian Securities Administrators, the Company has elected to send the Meeting materials directly to NOBOs.

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

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

The Company is not sending the Meeting materials to shareholders using "notice-and-access", as defined under NI 54-101.

### **REVOCABILITY OF PROXY**

In addition to revocation in any other manner permitted by law, a shareholder, his attorney authorized in writing or, if the shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of common shares without par value (the "shares"), of which 122,360,609 shares are issued and outstanding. Persons who are registered shareholders at the close of business on July 22, 2019 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

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

### NUMBER OF DIRECTORS

At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at three (3). The number of directors will be approved if the affirmative vote of the majority of common shares present or represented by proxy at the Meeting and entitled to vote are voted in favour to set the number of directors at three (3).

**Management recommends the approval of the resolution to set the number of directors of the Company at three (3).**

### ELECTION OF DIRECTORS

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

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

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal occupation, business or employment and, if not a previously elected Director, occupation, business or employment during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(1)</sup></i>
<b>Gunther Roehlig<sup>(2)</sup></b> British Columbia, Canada Interim CEO and Director	Businessman and a director and/or officer of a number of other public companies.	August 6, 2016	1,001,364
<b>Barry Girling<sup>(2)</sup></b> British Columbia, Canada Director	VP and Director of I-Minerals Inc., Director and/or officer on a number of public companies, President of RJG Capital Corporation, a private company providing administrative, financial and regulatory/shareholder services to junior public companies since 1993	August 29, 2016	95,000
<b>Greg Crowe<sup>(2)</sup></b> British Columbia, Canada Director	President of Silver One Resources Inc., since August 2016; President of Entrée Gold Inc. from July 2002 to November 2015.	January 4, 2017	8,333

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the audit committee.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

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

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
  - (i) was the subject, while the director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director.

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

<i>Name of Director</i>	<i>Name of Other Reporting Issuer</i>
Gunther Roehlig	Hello Pal International Inc. <sup>(2)</sup> Plymouth Realty Capital Corp. <sup>(2)</sup> Skyledger Tech Corp. <sup>(2)</sup>
Barry Girling	I-Minerals Inc. <sup>(1)</sup> Silver One Resources Inc. <sup>(1)</sup> Ironwood Capital Corp. <sup>(1)</sup> Santacruz Silver Mining Ltd. <sup>(1)</sup> Plymouth Realty Capital Corp. <sup>(1)</sup>
Greg Crowe	Silver One Resources Inc. <sup>(1)</sup>

- (1) Listed on the TSX Venture Exchange
- (2) Listed on the Canadian Stock Exchange

## EXECUTIVE COMPENSATION

### Named Executive Officers

During the financial year ended February 28, 2019, the Company had three Named Executive Officers (“NEOs”) being the Chief Executive Officer (“CEO”), Chief Financial Officer of the Company (“CFO”) and the Chief Operating Officer (“COO”).

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

## COMPENSATION DISCUSSION AND ANALYSIS

### General

The following information, dated as of July 22, 2019, is provided as required under Form 51-102F6V for venture Issuers (the “Form”), as such term is defined in National Instrument 51-102.

For the purposes of this Form:

“CEO” means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“CFO” means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“COO” means an individual who acted as chief operating officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“company” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“compensation securities” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“external management company” includes a subsidiary, affiliate or associate of the external management company;

“named executive officer” or “NEO” means each of the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year;

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

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

During the financial year ended February 28, 2019, the Company had three NEOs, namely

- (i) James Walchuck, the former Chief Executive Officer;
- (ii) Dr. William C. Williams, the former interim Chief Executive Officer and Chief Operating Officer. Dr. Williams resigned effective April 15, 2019 as interim Chief Executive Office, Chief Operating Officer and Director; and
- (iii) Natasha Tsai, the current Chief Financial Officer.
- (iv) Gunther Roehlig was appointed interim Chief Executive Officer effective April 15, 2019.

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

The following table (presented in accordance with National Instrument Form 51-102F6 Statement of Executive Compensation) excluding options and compensation securities, provides a summary of the compensation paid by the Company to each NEO and director of the Company for the completed financial year ended February 28, 2019. Options and compensation securities are disclosed under the heading “*Stock Options and Other Compensation Securities and Instruments*” below.

<i>Table of compensation excluding compensation securities</i>							
<i>Name and position</i>	<i>Year</i>	<i>Salary, consulting fee, retainer or commission (\$)</i>	<i>Bonus (\$)</i>	<i>Committee or meeting fees (\$)</i>	<i>Value of perquisites (\$)</i>	<i>Value of all other compensation (\$)</i>	<i>Total compensation (\$)</i>
Gunther Roehlig <sup>(1)</sup> , Interim CEO and Director	2019	Nil	-	-	-	-	Nil
	2018	Nil	-	-	-	-	Nil
Dr. William C. Williams <sup>(2)</sup> , Former Interim CEO, COO and director	2019	228,530	-	-	-	-	228,530
	2018	188,113	-	-	-	-	188,113
James Walchuck <sup>(3)</sup> , Former CEO	2019	180,000	-	-	-	-	180,000
	2018	200,000	-	-	-	-	200,000
Natasha Tsai <sup>(4)</sup> , CFO	2019	Nil	-	-	-	-	Nil
	2018	Nil	-	-	-	-	Nil
W. Barry Girling, Director	2019	Nil	-	-	-	-	Nil
	2018	Nil	-	-	-	-	Nil
Greg Crowe, Director	2019	Nil	-	-	-	-	Nil
	2018	Nil	-	-	-	-	Nil

Notes:

- (1) Mr. Gunther Roehlig was appointed Interim CEO effective April 15, 2019.
- (2) Dr. William Williams resigned Interim CEO, COO and director of the Company effective April 15, 2019.
- (3) Mr. Walchuck resigned as CEO, President and director of the Company on November 13, 2018.
- (4) Natasha Tsai was appointed Chief Financial Officer of the Company on August 6, 2016. She is an owner of Malaspina Consultants Inc., which provides accounting services to the Company. The Company paid the following amounts to Malaspina Consultants Inc. for the accounting and administrative services provided: \$67,832 for the year ended February 28, 2019 and \$89,427 for the year ended February 28, 2018. Malaspina Consultants Inc. is a private company that provides out sourced accounting services to junior public companies.

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

The following table of compensation securities provides a summary of all compensation securities granted, or issued by the Company to each NEO and directors of the Company for the fiscal year ended February 28, 2019, for services provided, directly or indirectly, to the Company.

<i>Compensation Securities</i>							
<i>Name and position</i>	<i>Type of compensation security</i>	<i>Number of compensation securities, number of underlying securities, and percentage of class</i>	<i>Date of issue or grant</i>	<i>Issue, conversion or exercise price (\$)</i>	<i>Closing price of security or underlying security on date of grant (\$)</i>	<i>Closing price of security or underlying security at year end (\$)</i>	<i>Expiry date</i>
Gunther Roehlig, Interim CEO and Director	Option	150,000	May 16, 2017	\$0.65	\$0.65	\$0.43	May 16, 2022
Dr. William C. Williams, Former Interim CEO, COO and director	Option	875,000	May 16, 2017	\$0.65	\$0.65	\$0.43	May 16, 2022
James Walchuck, Former CEO	Option	375,000	May 16, 2017	\$0.65	\$0.65	\$0.43	May 16, 2022
Natasha Tsai, CFO	Option	50,000	May 16, 2017	\$0.65	\$0.65	\$0.43	May 16, 2022
W. Barry Girling, Director	Option	150,000	May 16, 2017	\$0.65	\$0.65	\$0.43	May 16, 2022
Greg Crowe, Director	Option	150,000	May 16, 2017	\$0.65	\$0.65	\$0.43	May 16, 2022

During the fiscal year ended February 28, 2019, no compensation securities were exercised by any NEO or director.

**Employment, Consulting and Management Agreements**

Other than as set forth below, the Company has no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer, at, following or in connection with any termination (whether voluntary, involuntary or



constructive), resignation, retirement, a change of control of the Company or a change in the Named Executive Officer's responsibilities.

The Company entered into a consulting agreement (the "Agreement") with Dr. William C. Williams whereby Dr. Williams is paid an hourly fee in consideration for providing his services as interim Chief Executive Officer and Senior Advisor of the Company. The Company may terminate this Agreement on 45 days' notice.

The Company entered into an agreement with Malaspina Consultants Inc. (the "Malaspina Agreement") pursuant to which Natasha Tsai, the Company's Chief Financial Officer, agreed to provide certain consulting services to the Company. The Malaspina Agreement may be terminated by either party on 60 days written notice to the other party. Under the terms of the Malaspina Agreement, the Company agreed to pay Malaspina an hourly rate and Ms. Tsai is entitled to participate in any incentive stock option plan as may be available from time to time in the amounts, on the terms and at the time determined by the Board.

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

The Company's executive compensation program is administered by the Compensation Committee. The Compensation Committee consists of W. Barry Girling, Greg Crowe and Gunther Roehlig. All the members of the Compensation Committee are independent within the meaning of NI 52-110 except Gunther Roehlig who is Interim Chief Executive Officer.

The Compensation Committee's responsibilities include reviewing and making recommendations to the Board of Directors with respect to adequacy and the form of compensation to all executive officers and directors of the Company, making recommendations to the Board of Directors in respect of granting of stock options to management, directors, officers and other employees and consultants of the Company, and monitoring the performance of the Company's executive officers.

Executive compensation awarded to the named executive officers consists of two components: (i) management fees and (ii) stock options. The Company does not presently have a long-term incentive plan for its named executive officers. There is no policy or target regarding allocation between cash and noncash elements of the Company's compensation program.

In setting compensation rates for named executive officers, the Company compares the amounts paid to them with the amounts paid to executives in comparable positions at other comparable companies. The Company's compensation payable to the named executive officers is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each named executive officer and varies with the amount of time spent by each named executive officer in carrying out his or her functions on behalf of the Company. The grant of stock options, as a key component of the executive compensation package, enables the Company to attract and retain qualified executives. Stock option grants are based on the total of stock options available under the Option Plan. In granting stock options, the Board of Directors reviews the total of stock options available under the Option Plan and recommends grants to newly retained executive officers at the time of their appointment, and considers recommending further grants to executive officers from time to time thereafter. The amount and terms of outstanding options held by an executive are taken into account when determining whether and how new option grants should be made to the executive. The exercise periods are to be set at the date of grant. The stock option grants may contain vesting provisions in accordance to the Company's Option Plan.

Due to the Company being a junior mining issuer and having limited financial resources, compensation is not tied to performance criteria or goals. The Company is unaware of any significant events that have significantly affected compensation of its management team and directors. The Company did not make any changes to its compensation policies during or after the fiscal year ended February 28, 2019.

### **Pension**

The Company does not provide any pension benefits for directors or executive officers.

## APPOINTMENT OF AUDITOR

### Auditor

Charlton & Company, LLP, Chartered Professional Accountants of Vancouver, British Columbia are the auditors of the Company. Charlton & Company, LLP, Chartered Professional Accountants, have been the Company's auditors since 2007. Unless instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Charlton & Company, LLP as auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the directors.

**Management recommends shareholders to vote for ratification of the appointment of Charlton & Company, LLP, Chartered Professional Accountants, as the Company's auditors until the next annual general meeting at a remuneration to be fixed by the Company's board of directors.**

## MANAGEMENT CONTRACTS

Other than as disclosed elsewhere in this Circular, no management functions of the Company are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

## AUDIT COMMITTEE

The Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

### Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.

### Composition of Audit Committee and Independence

The Company's current Audit Committee consists of Barry Girling, Gunther Roehlig and Greg Crowe. National Instrument 52-110 *Audit Committees*, ("**NI 52-110**") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company's Board, reasonably interfere with the exercise of the member's independent judgment. Of the Company's current Audit Committee all of the current members are considered "independent" except Gunther Roehlig who is Interim Chief Executive Officer. All of the Audit Committee members are "financially literate, as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

### Relevant Education and Experience

**Barry Girling** - Mr. Girling is currently an independent business consultant. He has provided consulting services to a number of public companies. Mr. Girling obtained a Bachelor of Commerce, Finance from the University of British Columbia in 1990.

**Gunther Roehlig**- Mr. Roehlig has more than 15 years of experience in the financial & investment industry. In particular, Mr. Roehlig has experience in restructuring, managing and financing junior public companies. Most recently, Mr. Roehlig served as the president of Terra Ventures Inc. which held a 10% stake in the high-grade Roughrider uranium discovery owned by Hathor Exploration. In May 2011, Terra Ventures was acquired by Hathor Exploration – Hathor was then subsequently acquired by one of the world's largest mining companies Rio Tinto in late 2011. He currently serves on the board of directors for a number of public junior companies.

**Greg Crowe** – Mr. Crowe is a professional geologist with more than 35 years of exploration, business and entrepreneurial experience. Mr. Crowe served as a director, Chief Executive Officer and President of Entrée Gold

Inc., a mining listed on the TSX, from May 2003 to November 2015. Because of his extensive experience with public companies he has had extensive exposure to financial statements.

### **Audit Committee Oversight**

Since the commencement of the Company’s most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

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

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

### **Audit Fees**

The aggregate fees billed by the Company’s external auditor in the last two fiscal years ended February 28, 2019 by category, are as follows:

<i>Financial Year Ended February 28</i>	<i>Audit Fees (\$)<sup>(1)</sup></i>	<i>Audit Related Fees (\$)<sup>(2)</sup></i>	<i>Tax Fees (\$)<sup>(3)</sup></i>	<i>All Other Fees (\$)<sup>(4)</sup></i>
2019	\$50,000	Nil	Nil	Nil
2018	\$45,390	Nil	Nil	Nil

Notes:

- (1) “Audit fees” include aggregate fees billed by the Company’s external auditor in each of the last two fiscal years for audit fees.
- (2) “Audited related fees” include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company’s external auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “Audit fees” above.
- (3) “Tax fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning.
- (4) “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

### **Exemption in Section 6.1**

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations).

## **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101, Disclosure of Corporate Governance Practices, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “Guidelines”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by

the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company's approach to corporate governance is set out below.

### **Board of Directors**

Management is nominating three individuals to the Board, all of whom are current directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. The "material relationship" is defined as a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a director's independent judgement. All of the current members of the Board are considered "independent" within the meaning of NI 52-110, except Gunther Roehlig who is Interim Chief Executive Officer of the Company.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and President. The Board will give direction and guidance through the President to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee and the Audit Committee chairperson. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the "Act"), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its audit committee.

### **Orientation and Continuing Education**

The Board's practice is to recruit for the Board only persons with extensive experience in identifying and targeting junior businesses for transactions and in public company matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company's affairs and plans prior to obtaining their consent to act as a director.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual

director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

### **Nomination of Directors**

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

### **Assessments**

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

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

### **1. CONFIRMING STOCK OPTION PLAN**

Pursuant to Policy 4.4 of the TSX Venture Exchange (the "Exchange"), all TSX-V listed companies are required to adopt a stock option plan prior to granting incentive stock options. The purpose of the Stock Option Plan is to attract and motivate directors, senior officers, employees, consultants and others providing services to the Company and its subsidiaries (each a "Participant"), and thereby advance the Company's interests, by affording such Participants with an opportunity to acquire an equity interest in the Company through the issuance of stock options. The Company has adopted a "rolling" stock option plan reserving a maximum of 10% of the issued shares of the Company at the time of the stock option grant.

The shareholders are being asked to approve the Stock Option Plan at the Meeting. As a "rolling" stock option plan, the Stock Option Plan will be required to be re-approved by the shareholders each year at the Company's annual general meeting.

Copies of the Stock Option Plan will be available at the Meeting for review by the shareholders. In addition, upon request, shareholders may obtain a copy of the document from the Company prior to the Meeting.

*Summary of the Plan*

The following information is intended as a brief description of the Company's Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting. Capitalized terms are as defined in the Stock Option Plan.

1. The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
2. The exercise price per Common Share for an Option shall be determined by the Directors or their delegates if any, but will in no event be less than the permitted discount to the Market Price for the Common Shares (as defined by the policies of the Exchange) at the date of grant.
3. If Options are granted within ninety days of a distribution by the Company by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection 5.1(a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. Such ninety-day period shall begin:
  - (i) on the date the final receipt is issued for the final prospectus in respect of such Distribution; or
  - (ii) in the case of an initial public offering, on the date of listing.
4. The number of Common Shares reserved for issuance in any 12 month period under this Plan to (a) any one Person, shall not exceed 5% of the outstanding Common Shares at the time of the grant (unless the Company has obtained Disinterested Shareholder Approval to exceed such limit); (b) any one Consultant or Person employed to provide Investor Relations Activities, shall not exceed 2% of the outstanding Common Shares at the time of the grant; and (c) to Insiders, shall not exceed 10% of the outstanding Common Shares at the time of the grant.
5. Unless the Company has received Disinterested Shareholder Approval to do so, the number of Common Shares issued to any Person within a 12-month period pursuant to the exercise of Options granted under this Plan shall not exceed 5% of the outstanding Common Shares at the time of the grant.
6. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of the grant.
7. If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.

If a Participant dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death.

Unless an option agreement specifies otherwise, if a Participant ceases to be an Eligible Person for any reason other than death, each Option held by the Participant other than a Participant who is involved in investor relations activities will cease to be exercisable 90 days after the Termination Date or for a "reasonable period" after the Participant ceases to serve in such capacity, as determined by the Board. For Participants involved

in investor relations activities, Options shall cease to be exercisable 30 days after the Termination Date or for a "reasonable period" after the Participant ceases to serve in such capacity, as determined by the Board.

For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until such Option terminates and therefore ceases to be exercisable pursuant to the terms of this Section.

If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion and in the case of Options relating to Investor Relations, subject to the approval of the Exchange, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three-month period.

Under the Exchange policy, all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis. Therefore, at the Meeting shareholders will be asked to pass an ordinary resolution in the following form:

BE IT RESOLVED that:

1. the Company approve and ratify, subject to regulatory approval, the Plan pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant, with a maximum of 5% of the Company's issued and outstanding common shares being reserved to any one person on a yearly basis; and
2. any one officer or director of the Company is hereby authorized to execute and deliver all such documents and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."

**Management recommends the ratification and approval of the Stock Option Plan.**

## **2. APPROVAL OF JOINT VENTURE AGREEMENT INCOR ZINC LTD.**

The Company entered into a binding term sheet dated May 24, 2019 with InCoR Holdings Limited ("InCoR Holdings") and InCoR Zinc Ltd. ("InCoR Zinc" and together with InCoR Holdings "InCoR"). InCoR is a venture capital investor in the natural resources sector focused on the development and commercialization of minerals processing technologies. Under the binding term sheet, InCoR Zinc and the Company will form a joint venture (the "Joint Venture") with the intent of advancing the Bongará Zinc Mine Project and Charlotte-Bongará Zinc Project located in Peru (collectively, the "Bongará Project"). In consideration of InCoR Zinc providing funding of up to US \$3.75 million, InCoR Zinc will earn up to an 80% interest in the Joint Venture. The transaction is an arm's length transaction as neither InCoR nor its affiliates are non-arm's length party to the Company.

### **Highlights and Advantages to Transaction**

- Objective of Joint Venture is to advance the high-grade zinc Bongará Project that contains:
  - high-grade zinc near surface that includes intercepts of 46.8% Zn over 19.8 metres.
  - highly accessible advanced stage deposits with community support.
  - an Indicated Mineral Resource of 822,000 tonnes averaging 18.8% Zn containing 342,000,000 pounds of Zn at a 10% Zn cut-off and an Inferred Mineral Resource of 1,339,700 tonnes averaging 16.8% Zn containing 496,200,000 pounds of Zn at a 10% Zn cut-off as set forth in the Technical Report on the Bongará Zinc Project, Yambrasbamba District, Amazonas Region, Norther Peru dated March 11, 2019 and prepared by Albert W. Workman, P.Geo., and John Reddick, P.Geo (see news releases dated February 5, 2019 and March 18, 2019).
- InCoR will provide significant expertise in metallurgy, technical assessment and project development to advance the Bongará Project.
- Up to US \$3,750,000 of funding for Bongará Project.

### **Proposed Joint Venture**

The Company and InCoR Zinc propose to enter in a joint venture whereby InCoR Zinc will earn up to an 80% interest in the Bongará Project (the “Joint Venture”). In order for InCoR Zinc to earn its interest in the Joint Venture, InCoR Zinc will be required to fund the Joint Venture a total of US \$3,750,000 (the “Funding”) over three years as follows:

1. Year 1. US \$1,250,000 to acquire an initial 51% interest in the Joint Venture (“Year 1 Earn-in Amount”)
2. Year 2. US \$1,250,000 to acquire an additional 19% interest in the Joint Venture (being a total of a 70% interest in the Joint Venture).
3. Year 3. US \$1,250,000 to acquire an additional 10% interest in the Joint Venture (being a total of an 80% interest in the Joint Venture).

InCoR, at its option, may accelerate the Funding and earn its 80% interest prior to the end of the third year of the Joint Venture. If InCoR Zinc elects not to earn an 80% interest in the Joint Venture, the Company will have the right to repurchase InCoR Zinc’s interest in the Joint Venture in an amount equal to two times the amount previously funded by InCoR. The Funding may be used to satisfy ongoing annual property fees, operating costs, exploration expenditures and metallurgical and economic studies on the Bongará Project.

Until such time as InCoR Zinc holds more than 50% of the Joint Venture, a team mutually acceptable to the parties shall be responsible for the day-to-day management, administration and technical oversight of the business of Joint Venture. During the period in which InCoR Zinc holds more than 50% of the Joint Venture, InCoR Zinc shall have the right to be responsible for the day-to-day management, administration and technical oversight of the business of Joint Venture. The party carrying such day-to-day management and responsibility will be entitled to claim reasonable cost reimbursement for such management and administration services from Joint Venture pursuant to a management services agreement as agreed by the parties.

The parties interests in the Joint Venture will be subject to standard dilution provisions. If a party (the “Diluted Party”) is diluted to a 5% interest in the Joint Venture, the Diluted Party’s interest will be converted to a 2% Net Smelter Return, which may be repurchased by the other party for an amount equal to US \$5,000,000.

If a feasibility study is completed on the development Bongará Project and the use of a hydrometallurgical process licensed by InCoR Holdings (the “Process”) is used in future processing, InCoR Holdings will sub-license the Process to the Joint Venture and, in consideration of which, the Joint Venture will be required to satisfy certain license royalties of InCoR Holdings.

InCoR owns a total of 5,450,000 common shares of the Company, representing 4.45% of the issued and outstanding shares of the Company.

### **Shareholder Approval of the Joint Venture**

In accordance with Exchange Policy 5.3, the entry into the Joint Venture resulting in the disposition of up to an 80% interest in the Bongará Project requires approval of the disinterested shareholders of the Company. The approval required by the shareholders will be a simple majority by those persons present, in person or by proxy, at the Meeting. As only the disinterested shareholders are entitled to vote, InCoR may not vote its shares in favour of the Joint Venture.



BE IT RESOLVED THAT:

1. The entry into the Joint Venture, including the disposition of up to an 80% interest in the Bongará Project, is hereby ratified, confirmed and approved.
2. The directors of the Company, in their sole discretion, may act upon this resolution authorizing the Joint Venture, or if deemed appropriate and without any further approval from the shareholders of the Company, may choose not to act upon this resolution notwithstanding shareholder approval of the Joint Venture and are authorized to revoke this resolution in their sole discretion at any time prior to effecting the Joint Venture.
3. Any director or officer of the Company is hereby authorized and directed, acting for, in the name of, and on behalf of, the Company, to execute or cause to be executed, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer be necessary or desirable to carry out the intent of the foregoing resolution.

**Management recommends shareholders approve the Joint Venture.**

**ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's comparative annual financial statements to February 28, 2019 a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

**BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 22<sup>nd</sup> day of July, 2019.

**ON BEHALF OF THE BOARD**

Gunther Roehlig  
Gunther Roehlig  
Interim Chief Executive Officer

## **SCHEDULE “A”**

### **ZINC ONE RESOURCES INC.**

#### **AUDIT COMMITTEE CHARTER**

##### **1. Purpose**

The purpose of the Audit Committee (the “Committee”) is to act as the representative of the Board of Directors in carrying out its oversight responsibilities relating to:

- (a) the quality and integrity of the Company’s financial statements;
- (b) the Company’s compliance with legal and regulatory requirements, as they relate to the Company’s financial statements;
- (c) the internal controls and disclosure controls of the Company;
- (d) the performance of the Company’s internal audit function;
- (e) the qualifications, independence and performance of the Company’s auditor.

##### **2. Authority**

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- (b) communicate directly with the Company’s auditor.

##### **3. Composition and Expertise**

The Committee shall consist of a minimum of three directors, all of whom are “independent” within the meaning of National Instrument 52-110, Audit Committees, for so long as the Company is a “venture issuer”, as defined therein.

The Committee shall be appointed annually by the Board of Directors immediately following the Annual General Meeting (“AGM”) of the Company. Each member of the Committee shall be financially literate, meaning that he or she must be able to read and understand financial statements. Committee members hold office until the next AGM or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chair of the Committee. If the Chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

##### **4. Meetings**

The Committee shall meet at least four times a year to carry out its duties. The Chair shall develop and set the Committee’s agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of time and place of every meeting shall be given in writing to each member of the Committee at least 24 hours prior to the time fixed for such meeting.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such other

communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

#### **5. Committee and Charter Review**

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

In addition, the Committee shall review and reassess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as guidelines recommended by regulators or the TSX Venture Exchange and shall recommend changes to the Board thereon.

#### **6. Reporting to the Board**

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. Such report to the Board may take the form of an oral report by the Chair or circulating copies of the minutes of each meeting held.

#### **7. Responsibilities**

The Committee's duty is to monitor and oversee the operations of the Management and the auditor. Management is responsible for establishing and following the internal controls, financing reporting processes and for compliance with applicable laws and regulations. The auditor is responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards, and for issuing its report on the statements.

The specific duties of the Committee are as follows:

- Recommending the appointment and the compensation of the auditor (the "Auditor") to the Board;
- Engaging, at the Company's expenses, independent counsel and other advisors as it determines necessary to carry out its duties;
- Reviewing the scope and approach of the annual audit;
- Overseeing the work of the Auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between Management and the Auditor regarding financial reporting;
- Reviewing the independence of the Auditor on an annual basis;
- Discussing with the Auditor the quality and the acceptability of the generally accepted accounting principles applied by Management;
- Reviewing and evaluating the status and adequacy of the Company's internal controls and internal information systems;
- Reviewing and discussing the Company's quarterly financial statements and the Management's Discussions and Analysis ("MD&A") with Management;
- Reviewing and discussing the annual financial statements and the MD&A with Management and Auditor;

- Recommending to the Board whether the quarterly or annual financial statements and the related MD&A should be accepted, filed with the securities regulatory bodies and publicly disclosed.
- Discussing with Management and the Auditor the Company's policies with respect to risk assessment and risk management.

Reviewing with Auditor any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management and management's responses to such matter.