



## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of Shareholders (the “**Meeting**”) of **Pasinex Resources Limited** (the “**Company**”) will be held at 82 Richmond Street East, Toronto, Ontario, M5C 1P1 at 10:00 a.m. (local time in Toronto, Ontario) on **August 29, 2019**, for the following purposes:

1. To receive the audited annual financial statements of the Company for the year ended December 31, 2018;
2. To elect the directors of the Company for the ensuing year;
3. To appoint MNP LLP, Chartered Professional Accountants, as the Company’s auditor for the ensuing year and to authorize the directors to set the auditor’s remuneration; and
4. To approve the transaction of such other business as may properly come before the Meeting.

The Management Information Circular (the “**Information Circular**”) and a form of Proxy accompanying this Notice provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice.

It is important that your shares be represented at this Meeting to ensure a quorum. If you cannot be present to vote in person, please ensure that your proxy or, if a corporation, your representative, is appointed and present to vote on your behalf at the Meeting. Instructions regarding the appointment of a proxy or representative are contained in the Information Circular.

**DATED** at Toronto, Ontario, this July 25<sup>th</sup>, 2019

**BY ORDER OF THE BOARD**

*“Victor Wells”*

Chairman of the Board of Directors

**PASINEX RESOURCES LIMITED**  
**MANAGEMENT INFORMATION CIRCULAR**

**JULY 25, 2019**

This Information Circular accompanies the Notice of Annual General Meeting of Shareholders (the "**Notice**") and is furnished to shareholders holding common shares (the "**Common Shares**") in the capital of Pasinex Resources Limited (the "**Company**" or "**Pasinex**") in connection with the solicitation by the management of the Company of proxies to be voted at the Annual General Meeting of Shareholders (the "**Meeting**") to be held at 82 Richmond Street East, Toronto, Ontario, M5C 1P1 at 10:00 a.m. (local time in Toronto, Ontario) on August 29, 2019 or at any adjournment or postponement thereof.

**Date and Currency**

The date of this Information Circular is July 25, 2019. Unless otherwise stated, all amounts herein are in Canadian Dollars.

**PROXIES AND VOTING RIGHTS**

**Management Solicitation**

The solicitation of proxies by the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, officers and employees of the Company. The Company does not reimburse shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

**Appointment of Proxy**

Registered shareholders are entitled to vote at the Meeting. A shareholder is entitled to one vote for each common share that such shareholder holds on the record date of **July 25, 2019** (the "**Record Date**") on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders (the "**Designated Persons**") in the enclosed form of proxy are directors and/or officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE MEETING, OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED FORM OF PROXY.**

**TO EXERCISE THE RIGHT, THE SHAREHOLDER MAY DO SO BY STRIKING OUT THE PRINTED NAMES AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER'S COMMON SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

In order to be voted, the completed form of proxy must be received by the Company's registrar and transfer agent, Computershare Investor Services Inc. (the "**Transfer Agent**") at their offices located at 100 University Ave, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, by mail or fax, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of Ontario and British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof. Alternatively, the completed form of proxy may be delivered to the chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, prior to the commencement of the Meeting or any adjournment or postponement thereof.

A proxy may not be valid unless it is dated and signed by the shareholder who is giving it or by that shareholder's attorney-in-fact duly authorized by that shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual shareholder or joint shareholders, or by an officer or attorney-in-fact for a corporate shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarial certified copy thereof, must accompany the form of proxy.

### **Revocation of Proxies**

A shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that shareholder or by that shareholder's attorney-in-fact authorized in writing or, where the shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law. Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

### **Voting of Common Shares and Proxies and Exercise of Discretion by Designated Persons**

A shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. **The Common Shares represented by a proxy 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 the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY, WITH RESPECT TO THAT MATTER, UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the Common Shares on any matter, the Common Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

## ADVICE TO BENEFICIAL SHAREHOLDERS

The information set out in this section is of significant importance to those shareholders who do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as “Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder’s broker or an agent of that broker. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.

The Company does not have access to names of Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the Form of Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge typically prepares a special voting instruction form, mails this form to the Beneficial Shareholders and asks for appropriate instructions regarding the voting of Common Shares to be voted at the Meeting. Beneficial Shareholders are requested to complete and return the voting instructions to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free number and access Broadridge’s dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and to vote the Common Shares held by them. 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 Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that form as a proxy to vote Common Shares directly at the Meeting – the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have its Common Shares voted at the Meeting.**

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

Alternatively, a Beneficial Shareholder may request in writing that his or her broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his or her Common Shares.

All references to shareholders in this Information Circular are to registered shareholders, unless specifically stated otherwise.

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

Except as disclosed elsewhere in this Information Circular, no director or executive officer of the Company who was a director or executive officer since the beginning of the Company’s last financial year, each proposed nominee for election as a director of the Company, or any associate or affiliates of any such directors, executive officers or nominees, 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 other than the election of directors.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of Common Shares without par value. As of the date hereof, a total of 144,354,370 Common Shares were issued and outstanding. Each Common Share carries the right to one vote at the Meeting.

Only registered shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company, other than as set forth below:

Name of Shareholder	Number of Common Shares	Percentage of Common Shares <sup>(1)(3)</sup>
Larry Edward Seeley <sup>(2)</sup>	30,000,591	20.78%

**Notes:**

- (1) Based on 144,354,370 common shares issued and outstanding as of July 25, 2019, on an undiluted basis.
- (2) 23,265,815 common shares are held by 1514341 Ontario Inc., a company controlled by Mr. Seeley, with the remaining 6,734,776 common shares being held by Mr. Seeley's family members.
- (3) The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the Shareholder listed above.

## RECEIPT OF FINANCIAL STATEMENTS

The board of directors of the Company (the "Board") will place before the Meeting the audited financial statements for the financial year ended December 31, 2018 together with the auditors' reports thereon.

## ELECTION OF DIRECTORS

At present, the directors of the Company are elected at each annual meeting and hold office until the next annual meeting or until their successors are elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or with the provisions of applicable corporate legislation. The Company's current Board consists of Steven Williams, Victor Wells, Larry Seeley, Jonathan Challis and Joachim Rainer.

The five nominees proposed for election as directors of the Company are set out in the table below. The following disclosure sets out, as at the date of this Information Circular, the names of management's nominees for election as directors and their residency, all major offices and positions with the Company each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Company, and the number of Common Shares beneficially owned by each directly or indirectly, or over which each exercised control or direction by the nominees for directors. For the number of stock options, see "Board Compensation".

The information as to country of residence, principal occupation, business or employment, and common shares beneficially owned or over which a director exercises control or direction, as at July 25, 2019, that is not within the knowledge of the management of the Company has been furnished by the respective nominees.

Management of the Company proposes to nominate all of the current directors as further described in the table below, for election by the shareholders as directors of the Company, to hold office until the next annual meeting. Information concerning such persons, as furnished by the individual directors, is as follows:

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**Steven Williams – Director, President and CEO**

Ontario, Canada  
Director since March 28, 2010

Not independent

Mr. Williams is the President and CEO of the Company. Mr. Williams graduated with a Bachelor of Applied Science (Extractive Metallurgy) from the Western Australian School of Mines and an MBA from Tulane University. He has worked in the mining industry since 1976 in milling operations in Australia and Canada. He worked 20 years with SGS Lakefield Research in Canada and Chile in both metallurgical project management and business management, finally becoming Managing Director for SGS Canada. Steve has authored many technical papers and in 2004 he became a CIM Distinguished Lecturer and in 2008 a CIM Fellow, for his work in geometallurgy.

**Securities held**

Common shares: 7,186,750 <sup>(1)</sup>  
Stock options: 300,000

**Member**

- Board
- Compensation Committee
- Nominating and Corporate Governance Committee (Chair)

**Other Public Company**

**Directorships**

None

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**Victor Wells – Director and Chairman of the Board**

Ontario, Canada  
Director since September 15, 2014

Independent

Mr. Wells is a corporate director and finance specialist with over 20 years' experience in the resources, transportation and manufacturing industries. Mr. Wells has held Vice President Finance, Chief Financial Officer and senior financial positions with Chemtrade Logistics Income Fund, Tahera Diamond Corporation and Titanium Corporation. Previously Mr. Wells was a director of MagIndustries Corp., Northstar Healthcare Inc., TriNorth Capital Inc., Student Transportation Inc., Unique Broadband Systems Inc., GT Canada Medical Properties Inc. and was Trustee for Canada Cartage Diversified Income Fund. He is a member of the Financial Executives International (FEI) and has completed a term as National President and CEO. He has been a Chapter President and Director and has served as Chair of the Canadian Executives Research Foundation. Mr. Wells is a Chartered Professional Accountant and a Fellow of the Institutes of Chartered Accountants of Ontario and British Columbia. Mr. Wells completed the Directors Education Program at the Institute of Corporate Directors and obtained his ICD.D designation.

**Securities held**

Common shares: 150,000  
Stock options: 200,000

**Member**

- Board (Chair)
- Audit Committee (Chair)
- Compensation Committee
- Nominating and Corporate Governance Committee

**Other Public Company**

**Directorships**

Contagious Gaming Inc.

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**Larry Edward Seeley – Director**

Ontario, Canada  
Director since November 13, 2014  
  
Not independent

Dr. Seeley is Chair and CEO of Seeley Group Ltd. He was CEO of Recapture Metals Limited and Principal Shareholder developing the company with two plants in Ontario, one in USA and one in Germany, producing gallium, indium and rhenium. Recapture was sold to Neo Materials Technologies Inc. From 1992 to 2004, he was President and CEO and major shareholder of Lakefield Research Limited, growing the company to over 1,000 employees with services in metallurgy, analytical chemistry, mineralogy and environment as well as laboratories and pilot plant facilities in Canada, South America, South Africa and Australia. Lakefield Research was sold to SGS in 2002. He was also with Falconbridge for 25 years as Corporate Vice-President Environment, Director of Sudbury Metallurgical Operations, Manager of Corporate Metallurgical Research and Development, Manager Sudbury Smelter, and other roles in Operations and Technology.

**Securities held**

Common shares: 30,000,591 <sup>(2)</sup>  
Stock options: 100,000  
Loans to Pasinex: \$682,712<sup>(3)</sup>

**Member**

- Board
- Compensation Committee (Chair)
- Nominating and Corporate Governance Committee

**Other Public Company**

**Directorships**

None

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**Jonathan Challis – Director**

Kent, United Kingdom  
Director since September 23, 2014  
  
Independent

Mr. Challis is a corporate director. He has an honours degree in Mineral Exploitation from University College, Cardiff and an MBA degree from Cranfield University. Mr. Challis is a mining engineer with over 30 years' experience in the operation, management, financing and analysis of mining projects around the world. He was a Director and Chairman of Rye Patch Gold Corp until April 2018.

**Securities held**

Common shares: Nil  
Stock options: 100,000

**Member**

- Board
- Audit Committee

**Other Public Company**

**Directorships**

Vangold Mining Corp.

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**Joachim Rainer – Director**

Judenburg, Austria  
Director since November 13, 2014  
  
Independent

Mr. Rainer is a businessman and founder of Rainer Beteiligungs GmbH, and as Managing Director, he sources projects, structures companies and investments, and develops the businesses for new upcoming and innovative companies. Prior to founding his company in 2002, he was in hotel management and worked in an Austrian bank, where he supported people and companies to trade raw materials and shares. He holds a CEFA (Certified European Financial Analyst) degree. Since 2005, Mr. Rainer developed a network of business connections within Europe and Turkey.

**Securities held**

Common shares: 7,524,000  
Stock options: 100,000  
Loans to Pasinex: \$50,197<sup>(3)</sup>

**Member**

Board  
Audit Committee

**Other Public Company**

**Directorships**  
None

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**Notes:**

- (1) 480,000 common shares are held by 7312067 Canada Ltd., a company controlled by Mr. Williams, 1,280,000 are held by GMT GeoMet Tech Ltd, a company controlled by Mr. Williams and the remaining 5,426,750 common shares are held directly by Mr. Williams.
- (2) 23,265,815 common shares are held by 1514341 Ontario Inc., a company controlled by Mr. Seeley, with the remaining 6,734,776 common shares being held by Mr. Seeley's family members.
- (3) Loans to Pasinex are payable on demand by the lenders and bear interest at 6%, per annum. Loans to Pasinex from Mr. Seeley include \$291,356 held by 1514341 Ontario Inc., a company controlled by Mr. Seeley, and \$391,356 held by a family member.

The term of office of those nominees set out above, who are presently directors, will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next annual meeting or at such time when their successors are duly elected or appointed in accordance with the Company's Articles, or with the provisions of applicable corporate legislation or until such director's earlier death, resignation or removal.

**Management recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year.**

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the Common Shares represented by proxy for the election of any other persons as directors.



## Orders

No proposed director of the Company is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that:

- (a) 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 except as noted below:

Mr. Wells was a director of TriNorth Capital Inc., which was subject to a management cease trade order as a result of not filing its financial statements and MD&A for the periods ending December 31, 2009 and March 31, 2010 within the required time frames. Such financial statements and MD&A were subsequently filed and the management cease trade order is no longer in effect. Mr. Wells resigned from the board of directors of TriNorth Capital Inc. on June 30, 2010.

Or

- (b) 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.

For the purposes of the above, “**order**” means:

- (a) a cease trade order;
- (b) an order similar to access trade order; or
- (c) an order that denied the relevant company access to any exemption and securities legislation that was in effect for a period of more than 30 consecutive days.

## Bankruptcies

No proposed director of the Company is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, except as disclosed below, a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, become 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.

Mr. Wells was a director of Unique Broadband Systems Inc. (“**UBS**”) from July 12, 2012 to May 4, 2015. UBS had filed for protection from its creditors under CCAA on July 5, 2011.

No proposed director of the Company has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

The above information was provided by individual directors and officers of the Company.

## Penalties or Sanctions

No proposed director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security-holder in deciding whether to vote for a proposed director.

The above information was provided by individual directors of the Company.

## APPOINTMENT OF AUDITOR

Shareholders will be asked to approve the re-appointment of MNP LLP, as auditor for the Company to hold office until the next annual meeting of the shareholders, at a remuneration to be fixed by the directors.

**Management recommends that shareholders vote in favour of the appointment of MNP LLP, as the Company's auditors for the Company to hold office until the next annual meeting of shareholders or until a successor is appointed and to authorize the Board to fix the remuneration of the auditors.**

## EXECUTIVE COMPENSATION

For the purpose of this Information Circular:

“CEO” means each 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 each 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;

“Named Executive Officer” or “NEO” means each of the following individuals:

- (a) CEO;
- (b) CFO;
- (c) each of the Company's three most highly compensated executive officers, 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 and whose total compensation was, individually, more than \$150,000 for that financial year, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; or
- (d) any individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or any of its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

During the Company's most recently completed financial year ended December 31, 2018, the Company had the following NEOs: Steven Williams, the CEO of the Company, Wendy Kaufman, the CFO of the Company since September 1, 2017 (prior to her assuming the position of the Company's CFO Ms. Kaufman served as the Company's Senior Vice-President Finance since July 17, 2017) and Cindy Davis, the former CFO (CFO until September 1, 2017). Effective July 9<sup>th</sup>, 2019, Mr. Andrew Gottwald has assumed the role of CFO of the Company.

### Compensation Discussion and Analysis

The Company's compensation policies are designed to be competitive with similar companies and to recognize and reward executive performance consistent with the success of the Company. These policies are intended to attract and retain capable and experienced people.

The Company has a Compensation Committee consisting of Larry Seeley (Chair), Steven Williams and Victor Wells. The disinterested members of the committee meet on an as needed basis and report back to the Board with the committee recommendations.

To determine compensation, the Compensation Committee and the Board review compensation paid for directors and executives of companies of a similar business, size and stage of development and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while also considering the financial and other resources of the Company. Although the Compensation Committee may take into account executive compensation paid by companies comparable with the Company, no specific benchmarking policy is in place for determining compensation or any element of compensation.

Compensation of all executive officers is based primarily on corporate performance which includes achievement of the Corporation's strategic objective of growth and the enhancement of shareholder value through increases in the stock price and enhanced annual cash flow.

An element of executive compensation that is available to the Company is the granting of stock options to purchase common shares under the Company's Stock Option Plan. Stock options are issued to provide an incentive to participate in the long-term development of the Company and to increase Shareholder value. All Directors and NEOs participate in the stock option plan. The CEO also received a management fee and the CFO received a base salary.

### **Risk Management Disclosure**

The Board has reviewed the elements of compensation of the Company to identify any risks arising from the Company's compensation policies and practices that could reasonably be expected to have a material adverse effect on the Company as well as the practices used to mitigate any such risks. The Board of Directors concluded that the compensation program and policies of the Company did not encourage its executives to take inappropriate or excessive risks. This assessment was based on a number of considerations, including, without limitation, the following: (i) the Company's compensation policies and practices are generally uniform throughout the organization; (ii) in exercising its discretion under its compensation policies the Board reviews individual and corporate performance taking into account the long-term interests of the Company; and (iii) the results of annual assessments of executives' goals, objectives and performance are reviewed and considered in awarding compensation.

### **Restrictions on Purchase of Financial Instruments**

Although the Company has not adopted a formal policy forbidding an NEO or director from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director, the Company is not aware of any NEO or director having entered into this type of transaction.

### **Share based and Option Based Awards**

Executive officers of the Company, as well as directors, employees and consultants, are eligible to participate in the Company's Stock Option Plan to receive grants of stock options. Individual stock options are granted by the Board of Directors as a whole and the size of the options is dependent on, among other things, each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long term contribution to the Company will be crucial to its long term success.

The Board evaluates the number of options each participant has been granted, the exercise price of the options and the term remaining on those options when considering grants. Options are usually priced at the closing trading price of the Company's shares on the business day immediately preceding the date of grant and the current policy of the Board is that options expire five years from the date of grant.

### **Compensation Governance**

The Board, at this time has not adopted any specific policies or practices to determine the compensation for the Company's directors and officers, other than disclosed above. The Company has established a Compensation Committee consisting of Larry Seeley, Steven Williams, and Victor Wells. The disinterested members of the committee meet on an as needed basis and report back to the Board with the committee recommendations.

## Summary Compensation Table

During the most recently completed financial year of the Company ended December 31, 2018, the Company had three NEOs. The following table sets forth all direct and indirect compensation for, and in connection with, services provided to the Company and its subsidiary for the last three financial years:

Name and principal position	Year Ended December 31	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Steven Williams CEO and President	2018	Nil	Nil	Nil	Nil	Nil	Nil	144,000	144,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil	120,000	120,000
	2016	Nil	Nil	30,600 <sup>(3)</sup>	40,000	Nil	Nil	136,000	206,600
Wendy Kaufman <sup>(1)</sup> Chief Financial Officer	2018	200,000	Nil	Nil	Nil	Nil	Nil	Nil	200,000
	2017	91,575	Nil	221,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	312,575
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cindy Davis <sup>(2)</sup> Prior Chief Financial Officer	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	Nil	Nil	Nil	Nil	Nil	Nil	20,000	20,000
	2016	Nil	Nil	3,825 <sup>(3)</sup>	Nil	Nil	Nil	32,750	36,575

### Notes:

- (1) Ms. Kaufman commenced employment with the Company on July 17, 2017 initially as Senior Vice-President Finance and as of September 1, 2017 as Chief Financial Officer. Effective June 30, 2019, Ms. Kaufman resigned as Chief Financial Officer.
- (2) Ms. Davis was CFO with the Company until September 1, 2017.
- (3) The fair value of each option at the date of grant was estimated using the Black Scholes valuation model with the following assumptions: a 2 year expected term, a 114% expected volatility based on historic trends, risk free interest rate of 0.59%, share price at the date of grant of \$0.11 and an expected dividend yield of 0%.
- (4) The fair value of each option at the date of grant was estimated using the Black Scholes valuation model with the following assumptions: a 5 year expected term, a 139% expected volatility based on historic trends, risk free interest rate of 1.48%, share price at the date of grant of \$0.25 and an expected dividend yield of 0%.

## Narrative Discussion

Steven Williams – Chief Executive Officer and President since March 2010. Mr. Williams has entered into a consulting agreement effective January 1, 2018 (the “Williams Agreement”) through 7312067 Canada Ltd., a company controlled by Mr. Williams, to provide consulting services to the Company for a fee of \$12,000 per month (\$144,000 per annum).

The Williams Agreement will continue until terminated in accordance with the termination provisions in the agreement. See Termination and Change of Control Benefits below for further details.

Wendy Kaufman – Chief Financial Officer since September 1, 2017 and prior to that Senior Vice-President Finance from date of hire of July 17, 2017. Ms. Kaufman entered into an employment agreement with the Company (the “Kaufman Agreement”) dated July 5, 2017. She received a base salary of \$200,000 and upon first joining the Company was granted 1,000,000 stock options with a strike price of \$0.25. These Options have a 5-year term and vested on the date of the grant. Effective June 30, 2019 Ms. Kaufman resigned as Chief Financial Officer. Her stock options expiry dated has been extended to December 31, 2021 on the recommendation of the Board.

Effective July 9<sup>th</sup>, 2019, Mr. Andrew Gottwald has joined the company as Chief Financial Officer. Mr. Gottwald, through 2192640 Ontario Inc., a company controlled by Mr. Gottwald, has entered into an agreement to provide consulting services to the company (the “Gottwald Agreement”) effective July 9<sup>th</sup>, 2019. He receives a fee of \$800 per standard workday, and upon approval of the Pasinex Board will be awarded 500,000 stock options under the terms of the Company’s Stock Option Plan. The Gottwald Agreement can be terminated by the Company or by Mr. Gottwald on behalf of 2192640 Ontario Inc. upon 30 days’ written notice. See Termination and Change of Control Benefits for further details.

## Incentive Plan Awards

Stock options are issued to provide an incentive to participate in the long-term development of the Company and to increase Shareholder value. The Company has a stock option plan (the “Stock Option Plan”) in place for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting options is to assist the Company in compensating, attracting, retaining and motivating the Directors and employees of the Company and to closely align the personal interests of such persons with that of the shareholders.

During the most recently completed financial year (December 31, 2018), no stock options were issued to any NEO or director.

The following table details all Options-based Awards issued to the NEO's:

Name	Option-based Awards				Share-based Awards	
	Number of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1) (2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$)
Steven Williams	300,000	0.14	December 19, 2019	Nil	Nil	N/A
Wendy Kaufman	1,000,000	0.25	December 31, 2021	Nil	Nil	N/A

**Notes:**

- (1) The value of unexercised in-the-money options is calculated based on the difference between the closing price of the common shares on the CSE on December 31, 2018 of \$0.085 and the exercise price of the options, multiplied by the number of unexercised options.
- (2) Mr. Williams' stock options vested when issued in previous years. Ms. Kaufman's stock options vested when issued in 2017. No stock options were exercised in 2018.

**Defined Contribution, Deferred Compensation and Pension Plans**

The Company does not have any defined contribution, deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

**Termination and Change of Control Benefits**

The Williams Agreement provides that Mr. Williams may terminate the agreement by providing three months written notice to the Company. The Company may terminate the agreement by providing a lump sum payment equal to 12 months of consulting fees (\$144,000). In addition, all unvested stock options will vest immediately. The Company may terminate the agreement with cause immediately, with no further payments due to Mr. Williams. In the event of a change of control, and with one or more triggering events, the agreement provides for the immediate vesting of all stock options, and the payment of a lump sum fee equal to 24 months of consulting fees (\$288,000).

The Kaufman Agreement provides that Ms. Kaufman may terminate the agreement by providing 4 weeks written notice to the Company. The Company may terminate the agreement at any time without cause by providing six months of written notice or pay in lieu of notice (\$100,000). The Company may terminate the agreement with cause immediately, with no further payments due to Ms. Kaufman. In the event of a change of control, and with one or more triggering events, the agreement requires the payment of a lump sum fee by the Company, up to a maximum of 12 months (\$133,333). Upon termination of the agreement unexercised stock options will expire six months after date of termination, which date may be extended on recommendation of the Board. Ms. Kaufman terminated the agreement effective June 30, 2019. Ms. Kaufman's options have been extended until December 31<sup>st</sup>, 2021 (see details above).

The Gottwald Agreement provides that if a change of control, as defined in the agreement occurs, along with the occurrence of one of several triggering events, Mr. Gottwald is entitled to receive a payment equal to the lump sum of his billings to the Company for the past 12 months. If the change of control occurs prior to Mr. Gottwald having been a consultant to the Company for 12 months, he will receive a lump sum equal to 12 months of billings to the date of the termination of the agreement.

**Director Compensation**

The Company currently has five (5) directors, one of which is a Named Executive Officer. For a description of the compensation paid to the Company's Named Executive Officers who also act as directors, see "Summary Compensation Table" above.

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors, except for the granting from time to time of incentive stock options in accordance with the policies of the CSE.

The Company issued the following compensation to the non-executive directors in 2018.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards(\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Victor Wells	24,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	24,000
Larry Seeley	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jonathan Challis	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joachim Rainer	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Mr. Wells is entitled to cash compensation as a retainer for his role as Chairman of the Board and Chairman of the Audit Committee.

The following table details all Options-based Awards issued to non-executive Board members:

Name	Option-based Awards				Share-based Awards	
	Number of Common Shares underlying unexercised options (#) <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$)
Victor Wells	200,000	0.14	December 19, 2019	Nil	Nil	N/A
Larry Seeley	100,000	0.14	December 19, 2019	Nil	Nil	N/A
Jonathan Challis	100,000	0.14	December 19, 2019	Nil	Nil	N/A
Joachim Rainer	100,000	0.14	December 19, 2019	Nil	Nil	N/A

**Notes:**

- (1) All stock options are vested as of July 25, 2019. No stock options were exercised in 2018.  
(2) The value of unexercised in-the-money options is calculated based on the difference between the closing price of the common shares on the CSE on December 31, 2018 of \$0.085 and the exercise price of the options, multiplied by the number of unexercised options.

## Termination and Change of Control Benefits

The Company has no contract, agreement, plan or arrangement that provides for payments to non-executive directors, 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 director's responsibilities.

## Directors' and Officers' Liability Insurance

The Company maintains Directors' and Officers' Liability Insurance in the amount of \$5,000,000 in the aggregate for the term ending June 20, 2020. The insurer shall pay losses resulting from a covered claim on behalf of all directors, officers, employees and the Company where applicable to each party, subject to a retention of \$10,000. The aggregate annual premium for the policy is \$8,800. All costs associated with the premiums are paid by the Company.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the 2015 Stock Option Plan, which was approved by the shareholders at the annual general meeting of shareholders held on July 22, 2015. The Stock Option Plan does not require shareholder re-approval this year. The 2015 Stock Option Plan was established to assist the Company in attracting, retaining and motivating directors, executive officers, employees and consultants and to closely align the personal interests of those people with those of shareholders. The Board administers the Stock Option Plan. The Stock Option Plan provides that the Company may grant options, under option agreements and in accordance with the policies of the CSE. Detailed information on the Stock Option Plan can be found under "Executive Compensation".

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2018.

<b>Plan Category</b>	<b>A Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))</b>
Equity compensation plans approved by securityholders	3,650,000	\$0.19	10,785,437
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>3,650,000</b>	<b>\$0.19</b>	<b>10,785,437</b>

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the last completed fiscal year, no director, executive officer, senior officer or nominee for director of the Company or any of their associates has been indebted to the Company or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no informed person of the Company nor any associate or affiliate of any informed person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

"Informed person" means

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;

- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution of it; and
- (d) the Company has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

### **CORPORATE GOVERNANCE**

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices (NI 58-101)*, the Company is required to disclose its corporate governance practices with respect to the corporate governance guidelines adopted in NI 58-101. These Guidelines are not prescriptive, but, have been used by the Company in adopting its corporate governance practices. The Company's approach to corporate governance is set out in this Information Circular attached as Schedule A.

### **AUDIT COMMITTEE**

Pursuant to National Instrument 52-110 – *Audit Committees (NI 52-110)*, venture issuers are required to provide certain disclosure with respect to their audit committee, including the text of the audit committee's charter, the composition of the audit committee and the fees paid to the external auditor. This information with respect to the Company is set out in this Information Circular attached as Schedule B.

### **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

### **OTHER MATTERS**

Other than the above, management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.Pasinex.com](http://www.Pasinex.com). To request copies of the Company's financial statements, shareholders can contact the Company at 416-861-9659 or by email at [info@pasinex.com](mailto:info@pasinex.com).

### **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Information Circular have been approved and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of the Company.

**DATED** at Toronto, Ontario, as of the 25<sup>th</sup> of July 2019

### **BY ORDER OF THE BOARD**

*"Victor Wells"*

Chairman of the Board of Directors



## SCHEDULE A

### CORPORATE GOVERNANCE DISCLOSURE

Corporate Governance is the process and structure used to direct and manage the business and affairs of an issuer with the objective of enhancing value for its owners. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) of the Canadian Securities Administrators requires the Company to disclose in this Information Circular a summary of the corporate governance policies that the Company has in place.

#### Board of Directors

Victor Wells, Jonathan Challis and Joachim Rainer are independent directors of the Company.

Steven Williams is not an independent director as he is an executive officer of the Company and Larry Seeley is not an independent director as he is an insider of the Company.

#### Directorships

Name of Director	Names of Other Reporting Issuers
Victor Wells	Contagious Gaming Inc. (TSX-V)
Jonathan Challis	Vangold Mining Corp (TSX-V)

#### Orientation and Continuing Education

While the Company does not have formal orientation or training programs for new Board members, new Board members are provided with full access to the Company’s records, including all publicly filed documents of the Company, technical reports, internal financial information, management & technical experts and consultants and a summary of significant securities disclosure obligations. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation with management’s assistance and to attend related industry seminars.

#### Ethical Business Conduct

Corporate governance is the structure and process used to direct and manage the business and affairs of a corporation with the objective of enhancing shareholder value. The Board believes that the Company has in place corporate governance practices that are both effective and appropriate to the Company’s size and its business operations.

### **Nomination of Directors**

The Board has the responsibility for identifying potential Board candidates. The Board assesses potential candidates to fill perceived needs on the Board for required skill, expertise, independence and other factors.

### **Compensation**

The Company has a Compensation Committee comprised of three directors Larry Seeley (Chair), Steven Williams, and Victor Wells.

Compensation is determined by the Board and is based on the compensation paid for directors and senior officers of companies of a similar size and stage of development. The appropriate compensation reflects the need to provide incentive and compensation for the time and effort expended by the directors and its management while taking into account the financial and other resources of the Company.

### **Other Board Committees**

The Issuer has an Audit Committee comprised of three of the directors Victor Wells (Chair), Jonathan Challis and Joachim Rainer. The audit committee members are considered to be independent directors.

The Issuer has a Nominating and Corporate Governance Committee comprised of three directors Steven Williams (Chair), Larry Seeley, and Victor Wells.

### **Assessments**

The Board of Directors conducts informal annual assessments of the Board's effectiveness, its individual directors and its committees.

## SCHEDULE B

### AUDIT COMMITTEE INFORMATION

Pursuant to National Instrument 52-110 – Audit Committees (“NI 52-110”), the Company is required to include the following summary of the audit committee responsibilities, composition and authority. The Company’s Audit Committee is governed by an audit committee charter, the text of which follows:

*Mandate:* The primary function of the audit committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. The Committee’s primary duties and responsibilities are to serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements, review and appraise the performance of the Company’s external auditor; and provide an open avenue of communication among the Company’s auditor, financial and senior management and the Board of Directors.

*Composition:* The Committee shall be comprised of a minimum three directors as determined by the Board of Directors. If the Company ceases to be a “venture issuer” (as that term is defined in NI 52-110), then all of the members of the Committee shall be free from any material relationship with the Company that, in the opinion of the Board of Directors, would interfere with the exercise of their independent judgment as a member of the Committee.

If the Company ceases to be a “venture issuer” then all members of the Committee shall also have accounting or related financial management expertise. For the purposes of the Company’s Audit Committee Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

*Meetings:* The Committee shall meet at least once annually, or more frequently as circumstances dictate or as may be prescribed by securities regulatory requirements. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditor.

*Responsibilities and Duties:* To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review: review and update the Audit Committee Charter annually and review the Company’s financial statements, management discussion and analysis and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditor.
2. External Auditor:
  - (a) review annually, the performance of the external auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company;

- (b) obtain annually, a formal written statement of external auditor setting forth all relationships between the external auditor and the Company and review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor;
- (d) take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval and to recommend to the Board of Directors the compensation to be paid to the external auditor;
- (g) at each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- (i) review with management and the external auditor the audit plan for the year-end financial statements and review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditor during the fiscal year in which the non-audit services are provided,
    - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services, and
    - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

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

3. Financial Reporting Processes:

- (a) in consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management;

- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments;
  - (e) following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
  - (f) review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements;
  - (g) review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;
  - (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
  - (i) review certification process;
  - (j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - (k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
4. Other - review any related-party transactions, engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay compensation for any independent counsel and other advisors employed by the Committee.

*Composition of the Audit Committee:* The Company's audit committee is comprised of three directors, Victor Wells (Chair), Jonathan Challis and Joachim Rainer. Victor Wells, Jonathan Challis and Joachim Rainer are all independent as defined in NI 52-110. All of the audit committee members are "financially literate" as that term is defined in NI 52-110.

#### *Relevant Education and Experience*

Below are biographies of the Company's Audit Committee members:

Victor Wells - Mr. Wells is a member of the Ontario and British Columbia Chartered Professional Accountant, and was elected Fellow of CPABC in 1990 and of CPAO in 2006. He has been a Chapter President and Director and has served as Chair of the Canadian Financial Executives Research Foundation of Financial Executives International Canada. He has held increasingly senior finance positions during the past 20 years. He was Vice President, Finance and CFO of Chemtrade Logistics Income Fund from its IPO in July 2001 until 2006. From 1998 to 2001 he was Vice President, Finance and CFO of Tahera Diamond Corporation. Mr. Wells is currently a director of Contagious Gaming Inc. He was formerly director and Chair of the Audit Committee of MagIndustries Corp., Northstar Healthcare Inc., GT Canada Medical Properties Inc. and Unique Broadband Systems Inc. Formerly he was a director and Audit Committee member of TriNorth Capital Inc. and Student Transportation Inc. and was Trustee and chaired the Audit Committee of Canada Cartage Diversified Income Fund. Mr. Wells was a member of the Accounting Standards Board from 1991 to 1995 and obtained his Institute of Corporate Directors designation in 2007. This experience has ensured that Mr. Wells has developed an understanding of accounting principles and internal and disclosure controls sufficient to ensure financial literacy.

Jonathan Challis – Mr. Challis is a mining Engineer with over 30 years’ experience in the operation, financing and analysis of mining projects around the world. He has an honors degree in Mineral Exploitation from University College, Cardiff and an MBA degree from Cranfield University. He has both the South African Metalliferous Mine Captain’s and Mine Manager Certificates of Competency. He is a Fellow of the Institution of Materials, Minerals and Mining and a Chartered Engineer. Mr. Challis has served as a director on numerous mining company boards and is currently on the board of Vangold Mining Corp. He was the Chairman and a member of the audit committee of Rye Patch Gold Corp. until April 2018. Mr. Challis is financially literate.

Joachim Rainer – Mr. Rainer is a businessman and founder of Rainer Beteiligungs GmbH, and as Managing Director, he sources projects, structures companies and investments, and develops the businesses for new upcoming and innovative companies. Prior to founding his company in 2002, he was in hotel management and worked in an Austrian bank, where he supported people and companies to trade raw materials and shares. He holds a CEFA (Certified European Financial Analyst) degree. Since 2005, Mr. Rainer developed a network of business connections within Europe and Turkey. Mr. Rainer is financially literate.

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

*Reliance on Certain Exemptions:* At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52- 110.

*Pre-approval Policies and Procedures:* The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services to the extent set forth in the Company’s Audit Committee Charter (see under the heading “External Auditor”).

*External Auditor Service Fees:* In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in the last two fiscal years, by category, are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2018	\$88,800	Nil	\$3,500	Nil
December 31, 2017	\$64,700	Nil	\$3,500	Nil

*Exemption:* The Company is a venture issuer and as such, is relying on section 6.1 of NI 52-110 which provides that a venture issuer is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.