



INFORMATION CIRCULAR **as at October 22, 2020**

This Information Circular is furnished in connection with the solicitation by the management of Volcanic Gold Mines Inc. (the “**Company**”) of votes with respect to the Annual General Meeting of the holders of common shares (“**Common Shares**”) of the Company to be held on Wednesday, December 9, 2020 (the “**Meeting**”) and any adjournment thereof, at the time and place and for the purposes set forth in the accompanying notice of the Meeting (the “**Notice of the Meeting**”).

In this Information Circular, references to “Non-Registered Holders” means shareholders who do not hold Common Shares in their own name and “Intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Holders.

PROXIES

Notice-and-Access Process

The Company has elected to use the notice-and-access provisions (“**Notice-and-Access**”) of National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), for distribution of this Information Circular, form of proxy (“**Proxy**”) and other meeting materials (the “**Meeting Materials**”) to registered shareholders and Non-Registered Holders of the Company.

Under Notice-and-Access, rather than the Company mailing paper copies of the Meeting Materials to shareholders, the Meeting Materials can be accessed online on the Company’s SEDAR profile at www.sedar.com or on the Company’s website at <https://www.volgold.com/investors/agm/>. The Company has adopted this alternative means of delivery for the Meeting Materials in order to reduce paper use and the printing and mailing costs.

Shareholders will receive a “notice package” (the “**Notice-and-Access Notification**”) by prepaid mail, with details regarding the Meeting date, location and purpose, and information on how to access the Meeting Materials online or request a paper copy.

Shareholders will not receive a paper copy of the Meeting Materials unless they contact the Company at the toll free number as set out in the Notice of the Meeting. Provided the request is made prior to the Meeting, the Company will mail the requested materials within three business days. **Requests for paper copies of the Meeting Materials should be made by November 25, 2020 in order to receive the Meeting Materials in time to vote before the Meeting.**

Registered shareholders with questions about Notice-and-Access may contact the Company toll-free at 1-888-627-9378.

Non-Registered Holders

Only registered holders of Common Shares or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, Common Shares beneficially owned by a Non-Registered Holder are registered either:

- (a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans, or

- (b) in the name of a clearing agency, such as The Canadian Depository for Securities Limited, of which the Intermediary is a participant.

In accordance with the requirements of NI 54-101, the Company will distribute the Notice-and-Access Notification to Intermediaries and clearing agencies for onward distribution to Non-Registered Holders. The Company does not intend to pay Intermediaries to forward the Notice-and-Access Notification if the Non-Registered Holders have provided instructions to their Intermediary that they object to the Intermediary disclosing ownership information about the Non-Registered Holders. In this case, such Non-Registered Holder will not receive the Meeting Materials if the Intermediary does not assume the cost of delivery.

Intermediaries are required to forward the Notice-and-Access Notification to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive Meeting Materials. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will be sent a voting instruction form (“**VIF**”), rather than a Proxy, which must be completed, signed and returned by the Non-Registered Holder in accordance with the directions in the VIF. In some cases, Non-Registered Holders will instead be given a Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. This form of proxy does not need to be signed by the Non-Registered Holder, but, to be used at the Meeting, needs to be properly completed and deposited with Computershare Trust Company as described under “*Solicitation and Deposit of Proxies and VIFs*” below.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares that they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the Proxy and insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions on the form.

Non-Registered Holders should carefully follow the instructions in their Proxy or VIF, including instructions regarding when and where the Proxy or VIF is to be delivered.

Solicitation and Deposit of Proxies and VIFs

While it is expected that the solicitation will be primarily by Notice-and-Access and mail, votes may be solicited personally or by telephone by the directors and regular employees of the Company. All costs of solicitation will be borne by the Company. The Company has arranged for Intermediaries to forward the Notice-and-Access Notification to Non-Registered Holders of Common Shares held as of record by those Intermediaries and the Company may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

The individuals named in the Proxy and VIF are directors or officers of the Company. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent the shareholder at the Meeting has the right to do so, either by inserting such person’s name in the blank space provided in the Proxy or VIF and striking out the printed names, or by completing another form of proxy or VIF.** The Proxy or VIF will not be valid unless the completed, dated and signed Proxy or VIF is received by Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, ON M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, or is delivered to the Chair of the Meeting prior to commencement of the Meeting or any adjournment thereof.

Voting of Proxies and VIFs

Voting at the Meeting will be by way of a show of hands, with each registered shareholder and proxyholder having one vote, unless a ballot vote is required or requested. Common Shares represented by any properly executed and delivered Proxy or VIF will be voted or withheld from voting only on a ballot in accordance with the instructions given by the shareholder. **In the absence of such direction, such Common Shares will be voted in favour of the matters set forth herein.**

The Proxy or VIF, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of the Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the Proxy or VIF to vote in accordance with their best judgment on such matters or business. As at the date hereof, the management of the Company knows of no such amendment, variation or other matter that may be come before the Meeting.

Revocation of Proxies or VIFs

A shareholder who has given a Proxy or VIF may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, 200 Burrard Street, Suite 650, Vancouver, British Columbia, V6C 3L6, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chair of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a Proxy or VIF does not affect any matter on which a vote has been taken prior to the revocation.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Company had issued and outstanding 44,267,480 fully paid and non-assessable common shares, each share carrying the right to one vote. **THE COMPANY HAS NO OTHER CLASSES OF VOTING SECURITIES.**

Holders of Common Shares as at the Record Date of October 22, 2020 who either personally attend the Meeting or who have completed and delivered a Proxy or VIF in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

To the knowledge of the directors and senior officers of the Company, the person or company who beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company is:

<u>Name</u>	<u>No. of Shares</u>	<u>Percentage</u>
Silvercorp Metals Inc. ⁽¹⁾	8,809,272	19.9%

Note:

(1) Shares are registered in the name of Fortune Gold Mining Limited, a wholly owned subsidiary of Silvercorp Metals Inc.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board of Directors of the Company (the “**Board**”), the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of the Meeting, as more particularly described as follows:

Appointment and Remuneration of Auditors

The management of the Company will recommend to the Meeting to appoint Davidson & Company LLP as auditors of the Company for the ensuing year, and to authorize the directors to fix their remuneration. Davidson & Company LLP were first appointed auditors of the Company on July 4, 2007.

Election of Directors

The Board presently consists of six directors and it is intended to determine the number of Directors at seven and to elect seven Directors at the Meeting. The persons named below will be presented for election at the Meeting as management’s nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the British Columbia *Business Corporations Act*.

The following table sets out the names of the nominees for election as directors, where each is ordinarily resident, all offices of the Company now held by them, their principal occupations, the period of time for which each has been a director of the Company, and the number of Common shares of the Company or any of its subsidiaries beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name, Position and Residency ⁽¹⁾	Principal Occupation ⁽¹⁾	Period as a Director	No. of Common Shares ⁽¹⁾
Michael Povey Chairman & Director Western Australia, Australia	Mining Engineer; President of Gold Basin Resources Corporation (CSE listed gold explorer); CEO and President of Centric Minerals Corporation (mineral exploration).	May 6, 2020 to present	16,000
Charles Straw CEO & Director New South Wales, Australia	Economic Geologist; CEO of the Company; Director and VP Exploration of Gold Basin Resources Corporation (CSE listed gold explorer).	May 6, 2020 to present	40,000
Simon Ridgway Director (formerly Executive Chairman & CEO) British Columbia, Canada	CEO of Radius Gold Inc. (mineral exploration) and Chair of Fortuna Silver Mines Inc. (mining).	August 29, 2017 to present	1,518,167
Michael Iverson ⁽²⁾ Director British Columbia, Canada	President of Triple K Ventures Ltd. (public company management services).	April 25, 2007 to present	748,350
Scott Ackerman ⁽²⁾ Director British Columbia, Canada	President and CEO of Emprise Capital Corp. (public company management and restructuring services).	January 24, 2014 to present	Nil
Robert Schafer ⁽²⁾ Director Utah, USA	Certified Professional Geologist; Chief Executive of Eagle Resources Management LLC (minerals industry advisory services).	March 14, 2017 to present	14,286
Derek Liu Proposed Director British Columbia, Canada	Chief Financial Officer of Silvercorp Metals Inc. (mining), over five years.	N/A	Nil

Notes:

- (1) The information as to residency, principal occupation, and shares beneficially owned is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Member of the Audit Committee.

Simon Ridgway was a director of a corporation when a management cease trade order was issued by the British Columbia Securities Commission (the “**BCSC**”) on April 3, 2017 against the CEO and CFO of the corporation in connection with the corporation’s failure to timely file financial statements, related management discussion and analysis and an annual information form for its financial year ended December 31, 2016. The delay in the filing of these documents was due to

pending resolution of a regulatory review of certain of the corporation's filings by the United States Securities and Exchange Commission. On May 25, 2017, the BCSC revoked the management cease trade order after the corporation filed the required records.

Charles Straw, a director and the chief executive officer of the Company, was a director of a corporation when, on May 1, 2014, the BCSC issued a cease trade order against the corporation and its management and, on July 2, 2014, the BCSC issued a cease trade order against the corporation (the "CTOs"). The CTOs were issued for failure by the corporation to file its annual audited financial statements, annual management's discussion and analysis, and certification of annual filings for the financial year ended December 31, 2013 and failure by the corporation to file its interim financial statements and management's discussion and analysis for the period ended March 31, 2014. On September 29, 2014, the BCSC revoked the CTOs after the corporation filed the required records.

Stock Option Plan

The TSX Venture Exchange (the "Exchange") requires that the Company obtain shareholder approval to its stock option plan ("Option Plan") yearly at the annual general meeting. The material terms of the Option Plan are as follows:

- (a) the Option Plan reserves, for issue pursuant to stock options, a maximum number of Common Shares equal to 10% of the outstanding Common Shares of the Company from time to time, with no mandatory vesting provisions (apart from options granted to persons performing Investor Relations Activities, see (e) below);
- (b) the number of Common Shares reserved for issue to any one person in any 12 month period under the Option Plan may not exceed 5% of the outstanding Common Shares at the time of grant without Disinterested Shareholder Approval (as defined by the Exchange);
- (c) the number of Common Shares reserved for issue to any Consultant in any 12 month period under the Option Plan may not exceed 2% of the outstanding Common Shares at the time of grant;
- (d) the aggregate number of Common Shares reserved for issue to any person providing Investor Relations Activities in any 12 month period may not exceed 2% of the outstanding Common Shares at the time of grant;
- (e) options granted to persons performing Investor Relations Activities shall vest as prescribed by the Exchange's policies;
- (f) the exercise price per Common Share for a stock option may not be less than the Market Price of the Common Shares at the time of the grant;
- (g) stock options may have a term not exceeding ten years;
- (h) stock options are non-assignable and non-transferable; and
- (i) the Option Plan contains provisions for adjustment in the number of Common Shares issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the Common Shares.

"Consultant", "Director", "Employee", "Investor Relations Activities", "Management Company Employee", "Market Price" and "Eligible Charitable Organization" all have the same definition as in the policies of the Exchange.

In order to approve the Option Plan for the ensuing year, the shareholders will be asked at the Meeting to approve an ordinary resolution as follows:

"RESOLVED that the Option Plan of the Company, with terms substantially as described in the information circular of the Company dated October 22, 2020, be and is hereby approved, and that the directors of the Company are hereby authorized to make any changes to the Plan which may be required in order to obtain acceptance for filing by the Exchange."

Potential Warrant Exercise and Creation of Control Person

On July 27, 2020, the Company completed a non-brokered private placement financing which involved the issuance to Fortune Gold Mining Limited ("Fortune") of 5,692,172 units at \$0.25 per unit, for proceeds of \$1,423,043. Each unit consists of one Common Share of the Company and one-half of one warrant ("July 2020 Warrant"), each whole July 2020 Warrant entitling Fortune to purchase one additional Common Share at \$0.30 until July 26, 2022.

On October 20, 2020, the Company completed a non-brokered private placement financing whereby the Company issued to Fortune 3,117,100 units at \$0.55 per unit, for proceeds of \$1,714,405. Each unit consists of one Common Share of the Company and one-half of one warrant ("**October 2020 Warrant**"), each whole October 2020 Warrant entitling Fortune to purchase one additional Common Share at \$0.70 until April 20, 2022.

Fortune is a wholly-owned subsidiary of Silvercorp Metals Inc. ("**Silvercorp**"), a publicly-traded Canadian mining company producing silver, lead and zinc metals in concentrates. Silvercorp's shares trade on the Toronto Stock Exchange and the New York Stock Exchange, and its corporate head office is located at 1066 West Hastings Street, Suite 1750, Vancouver, BC V6E 3X1.

If Fortune exercises all of the 2,846,086 July 2020 Warrants and the 1,558,550 October 2020 Warrants, it would acquire 4,404,636 Common Shares, and together with its currently owned 8,809,272 Common Shares, would own 13,213,908 Common Shares, or approximately 27.1% of the Company's issued Common Shares (based on the number of issued and outstanding Common Shares as at the date of this Information Circular, on a partially diluted basis). As a result, Silvercorp (by virtue of owning 100% of Fortune) could become a Control Person of the Company which, pursuant to the policies of the Exchange, is a person or company that holds a sufficient number of any of the securities of an issuer to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting shares of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

The Exchange requires that where an issuance of shares will result in the creation of a new Control Person and therefore will be a "Change of Control" under the policies of the Exchange, an issuer must obtain disinterested shareholder approval. Accordingly, the shareholders of the Company, other than Fortune, Silvercorp and their associates and affiliates, will be asked at the Meeting to approve an ordinary resolution as follows:

"RESOLVED as an ordinary resolution of the disinterested shareholders that:

1. the creation of a new Control Person of the Company, namely Silvercorp Metals Inc. ("**Silvercorp**"), and the resulting Change of Control, as such terms are defined in the policies of the TSX Venture Exchange, which would result from the potential exercise by Silvercorp's wholly owned subsidiary, Fortune Gold Mining Limited, of common share purchase warrants to acquire up to 4,404,636 common shares of the Company, is hereby authorized and approved; and
2. any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such further agreements, documents and instruments and do all such other acts and things as such director or officer may determine to be necessary or advisable for the purpose of giving full effect to the provisions of this resolution, the execution and delivery by such director or officer of any such agreement, document or instrument or the doing of any such act or things being conclusive evidence of such determination."

This resolution must be passed by a majority of not less than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the Meeting, excluding the votes associated with the Common Shares held by Fortune, Silvercorp and their associates and affiliates.

In the absence of a contrary instruction or if no choice is specified, the persons named on the Proxy intend to vote any Common Shares represented by such Proxy FOR the approval of the potential creation of a new Control Person of the Company.

Other Matters

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

STATEMENT OF EXECUTIVE COMPENSATION

During the fiscal year ended December 31, 2019, three individuals were “named executive officers” of Volcanic Gold Mines Inc. (the “**Company**”) within the meaning of the definition set out in National Instrument Form 51-102F6V, “Statement of Executive Compensation – Venture Issuers” (“**Form 51-102F6V**”). As required by Form 51-102F6V, the following includes disclosure of the compensation paid or payable by the Company to:

- Simon Ridgway, its Executive Chairman until April 23, 2019 and its Chief Executive Officer (“**CEO**”) from April 23, 2019 to May 6, 2020,
- Jeremy Crozier, its President and CEO until April 23, 2019, and
- Kevin Bales, its Chief Financial Officer (“**CFO**”),

(hereinafter together referred to as “**NEOs**”), and to its directors.

Compensation Excluding Compensation Securities

The following summarizes compensation, excluding Compensation Securities (as defined below), paid or payable to NEOs and directors of the Company during the fiscal years ended December 31, 2019 and 2018:

COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Michael Povey ⁽¹⁾ Director & Chairman	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A
Charles Straw ⁽²⁾ Director & CEO	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A
Kevin Bales ⁽³⁾ CFO	2019	16,042	Nil	Nil	Nil	Nil	16,042
	2018	27,500	Nil	Nil	Nil	Nil	27,500
Simon Ridgway ⁽⁴⁾ Director (formerly CEO and Executive Chairman)	2019	66,000	Nil	Nil	Nil	Nil	66,000
	2018	66,000	Nil	Nil	Nil	Nil	66,000
Jeremy Crozier ⁽⁵⁾ Former Director, President & CEO	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	161,000	Nil	Nil	Nil	Nil	161,000
Michael Iverson Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Scott Ackerman Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Robert Schafer Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Michael Povey was appointed a director and Chairman of the Board on May 6, 2020.
- (2) Charles Straw was appointed a director and CEO on May 6, 2020.
- (3) Amounts shown were paid or payable to Gold Group Management Inc. ("**Gold Group**") for the services of Kevin Bales as CFO of the Company.
- (4) Simon Ridgway was appointed a director and Executive Chairman on August 29, 2017, and on April 23, 2019, he was appointed CEO of the Company and ceased as Executive Chairman. Mr. Ridgway resigned as CEO on May 6, 2020. Amounts shown were paid to Mill Street Services Ltd. ("**Mill Street**") for the corporate development and financial advisory services of Simon Ridgway.
- (5) Jeremy Crozier resigned as President and CEO on April 23, 2019 and as a director on May 6, 2020.

Compensation Securities

The Company did not grant or issue any stock options, convertible securities, exchangeable securities or similar instruments including stock appreciation rights, deferred share units or restricted stock units (collectively "**Compensation Securities**") to its NEOs and directors during the fiscal year ended December 31, 2019.

The total number of Compensation Securities, and underlying securities, held by each NEO and director as at December 31, 2019 are:

Simon Ridgway	750,000 stock options (and underlying common shares)
Kevin Bales	200,000 stock options (and underlying common shares)
Jeremy Crozier	750,000 stock options (and underlying common shares)
Michael Iverson	200,000 stock options (and underlying common shares)
Scott Ackerman	100,000 stock options (and underlying common shares)
Robert Schafer	200,000 stock options (and underlying common shares)

The Company's NEOs and directors did not exercise any Compensation Securities during the fiscal year ended December 31, 2019.

In October 2020, the Company granted incentive stock options to its current NEOs and directors as follows:

Michael Povey	325,000 stock options (and underlying common shares)
Charles Straw	325,000 stock options (and underlying common shares)
Kevin Bales	200,000 stock options (and underlying common shares)
Simon Ridgway	325,000 stock options (and underlying common shares)
Michael Iverson	200,000 stock options (and underlying common shares)
Scott Ackerman	200,000 stock options (and underlying common shares)
Robert Schafer	200,000 stock options (and underlying common shares)

and cancelled all previously granted stock options held by such individuals. The new stock options are exercisable at a price of \$0.57 per share for up to ten years.

Stock Option Plan and Other Incentive Plans

The Company's only incentive plan is its Option Plan, the material terms of which are described under "*Particulars of Matters to be Acted Upon – Stock Option Plan*" herein.

Compensation Agreements or Arrangements

Pursuant to an employment agreement dated effective February 1, 2017, Jeremy Crozier was paid a monthly salary of \$15,000. The agreement had no fixed expiry date and contained provisions regarding salary, paid vacation time, benefits, and change of control of the Company. The employment agreement terminated on April 23, 2019.

Pursuant to an agreement dated February 1, 2017, Gold Group is reimbursed by the Company on a monthly basis for certain shared costs and other business related expenses paid by Gold Group on behalf of the Company, including the services of the Company's CFO. The agreement may be terminated by Gold Group on three months' notice and by the Company on 12 months' notice. Gold Group is controlled by Simon Ridgway, a director of the Company.

Mill Street is paid a monthly fee for the corporate development and financial advisory services of Simon Ridgway. Mill Street is controlled by Mr. Ridgway, a director of the Company. There is no written agreement between the parties regarding these services.

Subsequent to December 31, 2019, Charles Straw and Michael Povey were appointed as directors and/or officers of the Company. Commencing May 1, 2020, Charles Straw is paid a monthly fee of \$5,000 for corporate and project management services, and Michael Povey is paid a monthly fee of \$2,000 for corporate advisory and geological services. The Company has no written agreements with Messrs. Straw or Povey regarding these services.

Oversight and Description of Director and NEO Compensation

The Company does not have a formal compensation program. The Board relies on the experience of its members as officers or directors of other junior exploration companies to ensure that total compensation paid to the Company's NEOs and directors is fair and reasonable. The Board meets periodically to discuss and determine such compensation, without reference to formal objectives, criteria or analysis.

The general philosophy of the Company's compensation strategy is to: (a) encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interest of shareholders; (c) provide a compensation package that is designed to attract and retain highly qualified executives and directors; and (d) ensure that total compensation paid takes into account the Company's overall financial position.

Compensation of the Company's NEOs is comprised of salaries and/or incentive stock options. During the fiscal year ended December 31, 2019, the compensation to the Company's NEOs was comprised solely of cash salaries. Stock options were mostly recently granted to NEOs and directors in October 2020. The Company may in the future grant stock options to its NEOs and directors.

In establishing levels of cash compensation and the granting of stock options, the individual's performance, level of expertise, and responsibilities are considered. Stock options are generally granted at the time of the individual's appointment and periodically thereafter. Previous grants of options are taken into account by the Board when it considers the granting of new stock options.

Incentive stock options are granted pursuant to the Company's stock option plan which is designed to encourage share ownership on the part of the Company's management, directors, employees and consultants. The Board believes that the stock option plan aligns the interests of the Company's personnel with shareholders by linking compensation to the longer term performance of the Company's shares. The granting of incentive stock options is an important component of executive compensation as it allows the Company to reward an individual's efforts to increase shareholder value without requiring the use of the Company's cash reserves.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the Option Plan which was previously approved by the shareholders on December 4, 2019. The Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Option Plan provides that the number of common shares of the Company issuable under the Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding common shares. The material terms of the Option Plan are set out above under the heading "*Particulars of Matters to be Acted Upon – Stock Option Plan*".

The following table sets out information regarding compensation plans under which equity securities of the Company are authorized for issuance, as at December 31, 2019:

EQUITY COMPENSATION PLAN			
Plan Category	(a) No. of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) No. of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding Securities Reflected in column (a))
Equity Compensation Plan Approved by Shareholders	371,426	\$4.20	488,962
Equity Compensation Plans Not Approved by Shareholders	N/A	N/A	N/A
Total:	371,426	N/A	488,962

AUDIT COMMITTEE

Pursuant to the provisions of National Instrument 52-110, *Audit Committees*, the Company's Annual Information Form dated September 8, 2020 (the "AIF") includes under the heading "Audit Committee" a description of the Company's Audit Committee and related matters. A copy of the Audit Committee charter setting out the Committee's mandate and responsibilities is attached as a schedule to the AIF. The AIF is available for viewing at www.sedar.com.

CORPORATE GOVERNANCE

The Board is of the view that the Company's corporate governance practices are appropriate and effective for the Company, given its relatively small size and limited operations. The Company's method of corporate governance allows for the Company to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden.

In accordance with National Instrument 58-101, *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Instrument Form 58-101F2, *Corporate Governance Disclosure (Venture Issuers)*, the Company discloses its corporate governance practices as follows:

Board of Directors

The Company considers Michael Iverson, Scott Ackerman and Robert Schafer to be "independent" according to the definition set out in NI 58-101. Michael Povey, Charles Straw and Simon Ridgway are not independent as they are compensated for providing consulting services to the Company.

The independent Directors believe that their knowledge of the Company's business and their independence are sufficient to facilitate the functioning of the Board independently of management. The independent Directors have the discretion to meet in private in the absence of the other Directors whenever they believe it is appropriate to do so.

Directorships

The directors of the Company are directors of one or more other reporting issuers, as follows:

Director	Other Issuers
Michael Povey	Gold Basin Resources Corporation
Charles Straw	Gold Basin Resources Corporation
Simon Ridgway	CROPS Inc. Fortuna Silver Mines Inc. Medgold Resources Corp. Rackla Metals Inc. Radius Gold Inc.
Michael Iverson	NanoSphere Health Sciences Inc.
Scott Ackerman	Austpro Energy Corporation Barolo Ventures Corp. Bravern Ventures Ltd. Culmina Ventures Corp. Duckhorn Ventures Ltd. ECC Diversified Inc. ECC Ventures 2 Corp. Larose Ventures Ltd. Sebastiani Ventures Corp. Silver Phoenix Resources Inc.
Robert Schafer	Amur Minerals Corporation Electric Royalties Ltd. Trillium Gold Mines Inc.

Orientation and Continuing Education

Management will ensure that a new appointee to the Board is aware of his or her duties and responsibilities of a director of the Company. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director, as well as the continuing education needs of all Board members.

Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance objectives and goals. In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

Given the Company's current stage of development and size of the Board, the Board is presently of the view that it functions effectively as a committee of the whole with respect to the nomination of directors. The entire Board will assess potential nominees and take responsibility for selecting new directors. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the CEO of the Company.

Other Board Committees

The only Board committee of the Company is the Audit Committee.

Assessments

The Company has not determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. The contributions of an individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Silvercorp was an informed person of the Company, by virtue of controlling more than 10% of the issued and outstanding Common Shares of the Company, when Silvercorp's wholly owned subsidiary increased its security holdings in the Company. See "*Particulars of Matters to be Acted Upon – Potential Warrant Exercise and Creation of Control Person*" herein.

Other than as disclosed in this Information Circular, no insider, proposed nominee for election as a director, or any associate or affiliate of the foregoing, had any material interest, direct or indirect, in any transaction or proposed transaction since January 1, 2019 which has materially affected or would materially affect the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is available for viewing at www.sedar.com. Financial information is provided in the Company's financial statements and accompanying management's discussion and analysis for the fiscal year ended December 31, 2019. Copies of financial statements and accompanying MD&A may be obtained by contacting the Company, attention Corporate Secretary, at 200 Burrard Street, Suite 650, Vancouver, BC V6C 3L6 (Tel: 604-801-5432; Fax: 604-662-8829).

BY ORDER OF THE BOARD

Charles Straw,
Chief Executive Officer