



## **INFORMATION CIRCULAR** **as at October 25, 2021**

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 8, 2021 (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](http://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 24, 2021 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 44,825,080 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, 2021 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. <sup>(1)</sup>	8,809,272	19.7%

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 seven 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.

<b>Name, Position and Residency <sup>(1)</sup></b>	<b>Principal Occupation <sup>(1)</sup></b>	<b>Period as a Director</b>	<b>No. of Common Shares <sup>(1)</sup></b>
<b>Michael Povey</b> Chairman & Director Western Australia, Australia	Mining Engineer; CEO of Gold Basin Resources Corporation (mineral exploration).	May 6, 2020 to present	16,000
<b>Simon Ridgway</b> Director & CEO British Columbia, Canada	CEO of the Company and Rackla Metals Inc. (mineral exploration).	August 29, 2017 to present	2,303,165
<b>Charles Straw</b> Director New South Wales, Australia	Economic Geologist; President of Gold Basin Resources Corporation (mineral exploration).	May 6, 2020 to present	40,000
<b>Michael Iverson <sup>(2)</sup></b> Director British Columbia, Canada	President of Triple K Ventures Ltd. (public company management services).	April 25, 2007 to present	748,350
<b>Scott Ackerman <sup>(2)</sup></b> Director British Columbia, Canada	President and CEO of Emprise Capital Corp. (public company management and restructuring services).	January 24, 2014 to present	Nil
<b>Robert Schafer <sup>(2)</sup></b> Director Utah, USA	Certified Professional Geologist; Chief Executive of Eagle Resources Management LLC (minerals industry advisory services).	March 14, 2017 to present	14,286
<b>Derek Liu</b> Director British Columbia, Canada	Chief Financial Officer of Silvercorp Metals Inc. (mining).	December 9, 2020 to present	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 Stock Option Plan of the Company, with terms substantially as described in the information circular of the Company dated October 25, 2021, 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 TSX Venture Exchange.”

### **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, 2020, three individuals were “named executive officers” of 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 Chair until April 23, 2019, its Chief Executive Officer (“CEO”) from April 23, 2019 to May 6, 2020, and its President and CEO from December 30, 2020,
- Charles Straw, its CEO from May 6, 2020 to December 30, 2020, 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, 2020 and 2019:

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 (\$)
Simon Ridgway <sup>(1)</sup> Director, President & CEO (formerly Executive Chair)	2020	63,250 <sup>(1)</sup>	Nil	Nil	Nil	Nil	63,250
	2019	66,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	66,000
Kevin Bales CFO	2020	18,516 <sup>(2)</sup>	Nil	Nil	Nil	Nil	18,516
	2019	16,042 <sup>(2)</sup>	Nil	Nil	Nil	Nil	16,042
Charles Straw Director & former CEO	2020	40,000	N/A	N/A	N/A	N/A	40,000
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Michael Povey <sup>(3)</sup> Director & Chair of the Board	2020	16,000	N/A	N/A	N/A	N/A	16,000
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Michael Iverson Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Scott Ackerman Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Robert Schafer Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Derek Liu <sup>(4)</sup> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Amounts shown were paid to Mill Street Services Ltd. (“**Mill Street**”) for the corporate development and financial advisory services of Simon Ridgway.
- (2) Amounts shown were paid or payable to Gold Group Management Inc. (“**Gold Group**”) for the services of Kevin Bales as CFO of the Company.
- (1) Michael Povey was appointed a director and Chair of the Board on May 6, 2020. Amounts shown were paid or payable for Mr. Povey’s services as Chair of the Board.
- (2) Derek Liu was appointed a director on December 9, 2020.

**Compensation Securities**

The following sets forth the details of stock options, convertible securities, exchangeable securities or similar instruments including stock appreciation rights, deferred share units or restricted stock units (collectively “**Compensation Securities**”) granted or issued to NEOs and directors during the fiscal year ended December 31, 2020:

<b>COMPENSATION SECURITIES</b>							
Name and Position	Type of Compensation Security	No. of Compensation Securities, No. of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
Simon Ridgway <sup>(3)</sup> Director, President & CEO	Stock Option	325,000 8.2%	Oct. 7, 2020	0.57	0.57	0.44	Oct. 6, 2030
Kevin Bales CFO	Stock Option	200,000 8.2%	Oct. 7, 2020	0.57	0.57	0.44	Oct. 6, 2030
Charles Straw Director	Stock Option	325,000 8.2%	Oct. 7, 2020	0.57	0.57	0.44	Oct. 6, 2030
Michael Povey Director & Chair of the Board	Stock Option	325,000 8.2%	Oct. 7, 2020	0.57	0.57	0.44	Oct. 6, 2030
Michael Iverson Director	Stock Option	200,000 5.1%	Oct. 7, 2020	0.57	0.57	0.44	Oct. 6, 2030
Scott Ackerman Director	Stock Option	200,000 5.1%	Oct. 7, 2020	0.57	0.57	0.44	Oct. 6, 2030
Robert Schafer Director	Stock Option	200,000 5.1%	Oct. 7, 2020	0.57	0.57	0.44	Oct. 6, 2030
Derek Liu Director	N/A <sup>(4)</sup>						

Notes:

- (1) Stock options are exercisable to purchase an equal number of underlying common shares of the Company.
- (2) The total number of Compensation Securities, and underlying securities, held by each NEO and director as at December 31, 2020 are:

Simon Ridgway	325,000 stock options (and underlying common shares)
Kevin Bales	200,000 stock options (and underlying common shares)

Charles Straw	325,000 stock options (and underlying common shares)
Michael Povey	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)
Derek Liu	N/A

- (3) On January 28, 2021, Simon Ridgway was granted a stock option exercisable to purchase up to 500,000 common shares at \$0.57 per share until January 27, 2031.
- (4) On January 28, 2021, Derek Liu was granted a stock option exercisable to purchase up to 200,000 common shares at \$0.57 per share until January 27, 2031.

The Company's NEOs and directors did not exercise any Compensation Securities during the fiscal year ended December 31, 2020.

### **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**

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, the CEO of the Company. There is no written agreement between the parties regarding these services.

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, the CEO of the Company.

### **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, 2020, the compensation to the Company's NEOs consisted of cash salaries and stock options. 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 9, 2020. 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, 2020:

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	2,850,000	\$4.20	1,576,748
Equity Compensation Plans Not Approved by Shareholders	N/A	N/A	N/A
Total:	2,850,000	N/A	1,576,748

**AUDIT COMMITTEE**

Pursuant to the provisions of National Instrument 52-110, *Audit Committees (“NI 52-110”)*, the Company’s Audit Committee has adopted a written charter (the “**Charter**”) that sets out its mandate and responsibilities. The Charter is attached hereto as Schedule “A”. As the Company is a “venture issuer” (as defined in NI 52-110), it is relying on the exemption provided to it in Section 6.1 of NI 52-110 with respect to audit committee reporting obligations.

The Audit Committee is presently comprised of Scott Ackerman, Michael Iverson and Robert Schafer, of whom all are considered “independent” and “financially literate”, within the meanings given to those terms in NI 52-110. The education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member is as follows:

Audit Committee Member	Education and Experience
Scott Ackerman	Mr. Ackerman is the President and CEO of Emprise Capital Corp. (“ <b>Emprise</b> ”), a company providing management, restructuring, accounting and financial services to public companies. Mr. Ackerman has been active in the public markets for more than 25 years, having held senior executive roles in various capacities from Investor Relations to Executive Management. In addition to his role with Emprise, Mr. Ackerman serves as a director and/or officer of a number of publicly traded and private ‘start-up’ venture companies, and has experience in all aspects of corporate restructuring, both in US and Canadian

	jurisdictions, including Chapter 11 processes in the US and Notice of Intent filings under the Bankruptcy Act in Canada. Mr. Ackerman graduated from the British Columbia Institute of Technology with a diploma in Marketing in 1987.
Michael Iverson	From 1980 to present, Mr. Iverson has acted as President and a director of Triple K Ventures Ltd., a private investment and management company, and has held directorships and executive officer positions with several other public companies, including Niogold Mining Corp., Fortuna Silver Mines Inc., Tectonic Minerals Corporation and Ruex Energy Corp.
Robert Schafer	Mr. Schafer has a M.Sc. in Mineral Economics and ICD.D certification as a corporate director, and is a Certified Professional Geologist with advanced degrees in geology who has worked internationally with major and junior mining companies. He has over 30 years' experience in mineral exploration, executive management and business development.

The auditor of the Company obtains, as necessary, the pre-approval of the Audit Committee for any anticipated additional services required of the auditor for the coming fiscal year. If other service requirements arise during the year, the Audit Committee pre-approves such services at that time, prior to the commencement of such services.

During the Company's most recently completed fiscal year, no services were performed by the Company's auditor pursuant to the *De-Minimus Non-audit Services* exemption contained in NI 52-110.

During the Company's most recently completed fiscal year, the Company's auditor performed certain non-audit services. Fees charged by the auditor during the last two fiscal years are as follows:

	2020	2019
Audit Fees	\$18,500	\$17,500
Audit-Related Fees	Nil	Nil
Tax Fees	\$6,000	6,500
All Other Fees	Nil	Nil
	\$24,500	\$24,000

Notes:

"Audit Fees" are the aggregate fees billed for the audit of the Company's annual financial statements, and review of transactions completed by the Company.

"Audit-Related Fees" are fees charged for assurance and related services that are reasonably related to the performance of the audit or review of the Company's annual financial statements and are not reported under "Audit Fees".

"Tax Fees" are fees for tax return preparation.

"All Other Fees" are amounts not included in the above categories.

**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:

<b>Director</b>	<b>Other Issuers</b>
Michael Povey	Gold Basin Resources Corporation Surefire Resources NL
Simon Ridgway	Metallum Resources Inc. Rackla Metals Inc. Radius Gold Inc.
Michael Iverson	NanoSphere Health Sciences Inc. Pathfinder Ventures Inc. Prospect Ridge Resources Corp.
Charles Straw	Gold Basin Resources Corporation
Scott Ackerman	Beretta Ventures Ltd. Bravern Ventures Ltd. ECC Diversified Inc. ECC Ventures 3 Corp. Infield Minerals Corp. Inglenook Ventures Ltd. Mondavi Ventures Ltd. Nota Bene Ventures Ltd. Sebastiani Ventures Corp. Silver Phoenix Resources Inc. Voice Mobility International, Inc.
Robert Schafer	Amur Minerals Corporation Electric Royalties Ltd. Trillium Gold Mines Inc. United Lithium Corp. US Gold Corporation
Derek Liu	N/A

### **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**

On October 20, 2020, the Company completed a non-brokered private placement financing whereby the Company issued to Fortune Gold Mining Limited ("**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, each whole 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. 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 Fortune participated in the above-noted financing of the Company.

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, 2020 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](http://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, 2020. 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

Simon Ridgway,  
President and Chief Executive Officer

## VOLCANIC GOLD MINES INC.

## AUDIT COMMITTEE CHARTER

***Purpose***

The overall purpose of the Audit Committee (the "**Committee**") of Volcanic Gold Mines Inc. (the "**Company**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

***Composition, Procedures and Organization***

1. The Committee shall consist of at least three members of the Board of Directors (the "**Board**").
2. At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has 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.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
7. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and

- (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
8. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

***Roles and Responsibilities***

1. The overall duties and responsibilities of the Committee shall be as follows:
  - (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
  - (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - (i) contents of their report;
    - (ii) scope and quality of the audit work performed;
    - (iii) adequacy of the Company's financial and auditing personnel;
    - (iv) cooperation received from the Company's personnel during the audit;
    - (v) internal resources used;
    - (vi) significant transactions outside of the normal business of the Company;
    - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - (viii) the non-audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
  - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
3. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
  - (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;

- (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
- (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

4. The Committee is also charged with the responsibility to:

- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
- (b) review and approve the financial sections of:
  - (i) the annual report to Shareholders;
  - (ii) the annual information form, if required;
  - (iii) annual and interim MD&A;
  - (iv) prospectuses;
  - (v) news releases discussing financial results of the Company; and
  - (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
- (c) review regulatory filings and decisions as they relate to the Company's financial statements;
- (d) review the appropriateness of the policies and procedures used in the preparation of the Company's financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (e) review and report on the integrity of the Company's financial statements;
- (f) review the minutes of any audit committee meeting of subsidiary companies, if any;
- (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the Company's financial statements;
- (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

5. The Committee shall have the authority:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
- (b) to set and pay the compensation for any advisors employed by the Committee; and
- (c) to communicate directly with the internal and external auditors.