



NOTICE OF ANNUAL GENERAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

OF

**BAYHORSE SILVER INC.**

*to be held at 10:00 a.m. on Friday, December 18, 2020*

*at 202 – 5626 Larch Street, Vancouver, British Columbia*

# BAYHORSE SILVER INC.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of shareholders of **Bayhorse Silver Inc.** (the “**Company**”) will be held at 202 – 5626 Larch Street, Vancouver, British Columbia on Friday, December 18, 2020 at the hour of 10:00 a.m. (Vancouver time) for the following purposes:

1. To receive and consider the audited financial statements of the Company, together with the auditor’s report thereon, for the fiscal years ended December 31, 2018 and December 31, 2019;
2. To appoint Charlton and Company, Chartered Professional Accountants, as the auditors of the Company for the ensuing year and to authorize the directors of the Company to fix their remuneration;
3. To set the number of directors for the ensuing year at four;
4. To elect the directors of the Company to serve until the next annual general meeting of the shareholders;
5. To consider and, if thought fit, pass a resolution approving the Company’s incentive stock option plan, as more particularly described in the Management Information Circular (the “**Circular**”); and
6. To transact such other business as may properly be brought before the Meeting or any adjournment thereof.

**COVID-19 Plan: This year, to proactively deal with the unprecedented public health impact of the Coronavirus (COVID-19) and in order to mitigate potential risks to the health and safety of its shareholders, employees, communities and other stakeholders, the Company is encouraging shareholders to vote by proxy in advance of the meeting rather than attending in person.**

The details of the matters proposed to be put before the Meeting, including the text of the respective resolutions referenced above are set forth in the management information circular of the Corporation accompanying this Notice of Meeting, which is supplemental to and expressly made a part of this notice of meeting.

The board of directors of the Company has fixed November 9, 2020 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company's transfer agent, Odyssey Trust Company Attn: Proxy Department, 409 Granville Street, Suite 323, Vancouver, British Columbia, Canada, V6C 1T2, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of the Meeting or any adjournment or postponement thereof.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 12<sup>th</sup> day of November, 2020.

**BY ORDER OF THE BOARD  
OF BAYHORSE SILVER INC.**

*/s/ “Graeme O’Neill”*

Graeme O’Neill,  
Chief Executive Officer

# BAYHORSE SILVER INC.

## MANAGEMENT INFORMATION CIRCULAR

Unless otherwise indicated information herein is given as of November 12, 2020

This management information circular (“**Circular**”) is furnished in connection with the solicitation of proxies by the management (“**Management**”) of Bayhorse Silver Inc. (the “**Company**” or “**Bayhorse**”) for use at the annual general meeting (the “**Meeting**”) of shareholders (“**Shareholders**”) of the Company to be held at 10:00 a.m. (Vancouver time) on Thursday, December 18, 2020, at the place and for the purposes set forth in the notice of the Meeting (the **Notice of Meeting**”).

### PROXIES AND VOTING RIGHTS

#### Management Solicitation

The solicitation of proxies by Management will be conducted by mail and may be supplemented by telephone or other personal contact and such solicitation will be made without special compensation granted to the directors, officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining, from the principals of such persons, 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 Circular and related proxy materials to their customers. 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 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 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 Circular. This 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.

#### Registered Shareholders

If you are a registered Shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a proxy, you must complete, date and sign the proxy, and return it to **Odyssey Trust Company**, 409 Granville Street, Suite 323, Vancouver, British Columbia, Canada, V6C 1T2, not less than 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof. Alternatively, the completed form of proxy may be deposited with the Chair of the Meeting on the day of the Meeting prior to the commencement or any adjournment or postponement thereof.

#### Non-Registered Shareholders

Only registered Shareholders or duly appointed proxyholders are entitled to vote at the Meeting. Most Shareholders are non-registered Shareholders (“**Non-Registered Shareholder**”) because the Common Shares they own are not registered in their names but are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESSPs and similar plans); or (b) in the name of a clearing agency such as The Canadian Depository for Securities Limited in Canada or the Depository Trust Company, in the United States, of which the Intermediary is a participant.

In accordance with the requirements as set out National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and form of Proxy (collectively the “**Meeting Materials**”) to the Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- a) Be given a proxy which **has already been signed by an Intermediary** (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. This form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy and **return it in accordance with the instructions provided in the proxy; or**
- b) More typically, be given a voting instruction form which **is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a **“Voting Instruction Form”** or **“VIF”**), which the Intermediary must follow.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Shareholder who receives either a proxy or a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Shareholder should strike out the names of the persons named in the Proxy and insert the Non-Registered Shareholder’s (or such other person’s) name in the blank space provided or, in the cases of a VIF, follow the corresponding instructions on the form.

**Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the proxy or VIF is to be delivered. If Non-Registered Shareholders do not follow such instructions and attend the Meeting, they will not be entitled to vote at the Meeting.**

There are two kinds of beneficial owners – those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners). Pursuant to NI 54-101, issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

These Meeting Materials are being sent to both registered and non-registered owners of the Common Shares. If you are a Non-Registered Shareholder, and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. The Company does not intend to pay for Intermediaries to forward the Meeting Materials to OBOs. Accordingly, OBOs will not receive the Meeting Materials unless the Intermediary assumes the cost of delivery.

### **Appointment and Revocation of Proxies**

**The persons named in the accompanying 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) other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such Shareholder at the Meeting and any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person or company to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to Odyssey Trust Company, 409 Granville Street, Suite 323, Vancouver, British Columbia, Canada, V6C 1T2 not less than forty-eight hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting, or any adjournment thereof.**

A registered Shareholder of the Company who has given a proxy may revoke the proxy by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the registered Shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the principal office of the Company at any time prior to 5:00 p.m. (Vancouver time) on the last business day preceding the day of the Meeting or any adjournment thereof, (ii) with the said office of Odyssey Trust Company Attn: Proxy Department at any time prior to 5:00 p.m. (Vancouver time) on the last business day preceding the day of the Meeting or any adjournment thereof, or (iii) with the Chair of the Meeting on the day of the Meeting or any adjournment thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable

determination that the document was created or communicated by or on behalf of such Shareholder or by or on behalf of his or her attorney, as the case may be; or (c) in any other manner permitted by law including attending the Meeting in person.

A Non-Registered Shareholder who has submitted a proxy may revoke a VIF or proxy that has been given to an Intermediary or to the service company that the Intermediary uses by following the instructions of the Intermediary respecting the revocation of proxies, provided that an Intermediary is not required to act on a revocation of a proxy or VIF which is not received by the Intermediary at least seven days prior to the Meeting.

#### **Notice-and-Access**

The Company is not sending the Meeting Materials to registered Shareholder or Non-Registered Shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102, *Continuous Disclosure Obligations*.

#### **Voting and Discretion of Proxies**

The Common Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions of the Shareholder thereon. **In the absence of instructions, such Common Shares will be voted in favour of each of the matters referred to in the Notice of Meeting as specified thereon.**

**The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the accompanying Notice of Meeting and on other matters, if any, which may properly come before the Meeting or any adjournment thereof.** As at the date of this Circular, Management is not aware of any amendments, variations, or other matters to be brought before the Meeting. However, if any other matters which are not now known to Management should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy therein.

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

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, no proposed nominee of Management or election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

#### **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 record date, determined by the Board to be the close of business on November 9, 2020 (the "**Record Date**"), a total of 140,578,839 Common Shares were issued and outstanding. Each Common Share entitles the Shareholder of record to one vote at the Meeting. The Company has no other classes of voting securities. 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 Company's directors and executive officers, as at the Record Date, no person beneficially owns, directly or indirectly, or controls or directs Common Shares carrying 10% or more of the voting rights attached to all of the Company's Common Shares.

#### **MATTERS TO BE ACTED UPON AT THE MEETING**

**TO THE KNOWLEDGE OF THE COMPANY'S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.**

## PARTICULARS OF MATTERS TO BE CONSIDERED

### Financial Statements

The Board has approved the audited comparative financial statements for the fiscal years ended December 31, 2018 and December 31, 2019, together with the auditor's reports thereon. Copies of these financial statements have been sent to those Shareholders who had requested receipt of same and are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Set Numbers of Directors

At the Meeting, Shareholders will be asked to consider and approve an ordinary resolution to set the number of directors of the Company for the ensuing year at four. The number of directors will be approved if the affirmative vote of at least a majority of Common Shares present or represented by proxy at the Meeting and entitled to vote thereat are voted in favour of setting the number of directors at four.

*Management recommends the approval of the resolution to set the number of directors of the Company at four.*

### Election of Directors

The Company's current Board consists of Graeme James O'Neill, John Cerenzia, Corey Klassen and James Walker. Each director elected will hold office until the next annual general meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the articles of the Company or unless he or she becomes disqualified to act as director.

Management of the Company does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of Proxy reserve the right to vote for other nominees in their discretion.

Management of the Company proposes to nominate the following four persons 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 nominees, as at Record Date, is as follows:

Name, Province or State and Country of Residence and Present Position with the Company	Principal Occupation and, if not at Present an Elected Director, Employment During the past Five Years	Date of Appointment as a Director	Number of Shares Beneficially Owned <sup>(2)(3)</sup>
<b>Graeme James O'Neill</b> <sup>(1)</sup> British Columbia, Canada  <i>CEO and Director</i>	Businessman; President of Highcard Exploration Inc., a management services company.	April 6, 2004	15,897,362 <sup>(4)</sup>
<b>John Cerenzia</b> <sup>(1) (5)</sup> Ontario, Canada  <i>Director</i>	Independent Business Consultant since 1996.	September 3, 2004	80,000
<b>Corey Klassen</b> <sup>(1) (5)</sup> Saskatchewan, Canada  <i>Director</i>	Business Development Manager and Mortgage Broker since 1999.	April 30, 2010	34,000

Name, Province or State and Country of Residence and Present Position with the Company	Principal Occupation and, if not at Present an Elected Director, Employment During the past Five Years	Date of Appointment as a Director	Number of Shares Beneficially Owned <sup>(2)(3)</sup>
<b>James Walker</b> British Columbia, Canada  <i>Director</i>	Engineering and project management in mechanical engineering, construction, manufacturing, engineering design, infrastructure, safety management, and nuclear engineering. Mr. Walker holds degrees in Mechanical Engineering, Mining Engineering and Nuclear Engineering as well as qualifications in Project Management and Accountancy and is a Chartered Engineer with the IMechE, registered as a Project Manager Professional with the APM and registered with APEGA as an Engineer.	May 2, 2019	Nil

- (1) *Member of the Audit Committee.*
- (2) *The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least five years.*
- (3) *Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.*
- (4) *Of the 15,897,362 Common Shares held by Mr. O'Neill, 13,897,362 Common Shares are held directly, and 2,000,000 Common Shares are held indirectly by his wholly-owned company, Highcard Exploration Inc.*
- (5) *Member of the Compensation Committee.*

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The persons named in the enclosed form of proxy intend to vote for the election of all of the nominees whose names are set forth above.

#### Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies

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

- a) Is, at the date of this Circular, or has been within 10 years before the date of this Circular, a director, Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”) of any company (including Bayhorse), that:
- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO, other than Graeme O’Neill, who is a director of Caliber Minerals Inc., which was subject to cease trade orders for failure to file required records issued by the British Columbia Securities Commission (as of May 8, 2015, the Alberta Securities Commission (as of August 7, 2015) and the Ontario Securities Commission (as of May 25, 2015), all of which were revoked as of August 16, 2017, as well as Corey Klassen, who is a director of Armadillo Resources Ltd., which was subject to a cease trade order for filing to file required records issued by the British Columbia Securities Commission on November 4, 2013; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
- b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including Bayhorse) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- c) has, within the 10 years before the date of this 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; or
- d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

***Unless the Shareholder directs that his or her shares be otherwise voted or withheld from voting in connection with the election of directors, the persons named in the enclosed Proxy will vote FOR the election of the four nominees whose names are set forth above.***

### **Reappointment of Auditors**

At the Meeting, Shareholders will be asked to consider and approve the reappointment of Charlton and Company, Chartered Professional Accountants, to serve as auditor of the Company until the next annual general meeting of Shareholders at a remuneration to be fixed by the Board. Charlton and Company was first appointed in 2010.

***Unless the Shareholder direct that his or her Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Charlton and Company, to serve as auditors of the Company until the next annual meeting of the Shareholder and to authorize the Board to fix their remuneration.***

### **Approval of Incentive Stock Option Plan**

The Company's current Stock Option Plan (the "**Option Plan**") is a "rolling" stock option plan, which makes a maximum of 10% of the issued and outstanding Common Shares available for issuance thereunder. The policies of the TSX Venture Exchange (the "**Exchange**") require that a rolling plan such as the Option Plan be approved by the Shareholders on an annual basis.

The purpose of the Option Plan is to provide directors, officers and key employees of, and certain other persons who provide services to, the Company with an opportunity to purchase Common Shares of the Company at a specific price, and subsequently benefit from any appreciation in the value of the Common Shares. This provides an incentive for such persons to contribute to the future success of the Company and enhances the ability of the Company to attract and retain skilled and motivated individuals, thereby increasing the value of the Common Shares for the benefit of all Shareholders.

The exercise price of stock options granted under the Option Plan will be determined by the Board and will be priced in accordance with the policies of the Exchange, and will not be less than the closing price of the Common Shares on the Exchange on the date prior to the date of grant less any allowable discounts. All options granted under the Option Plan will have a maximum term of five years.

The Option Plan provides that it is solely within the discretion of the Board to determine who should receive options and how many they should receive. The Board may issue a majority of the options to insiders of the Company. However, the Option Plan provides that in no case will the Option Plan or any existing share compensation arrangement of the Company result, at any time, in the issuance to any option holder, within a one year period, of a number of Common Shares exceeding 5% of the Company's issued and outstanding Common Share capital. The full text of the Option Plan is available for review by any Shareholder up until the day preceding the Meeting at the Company's head office located at 2501 - 4398 Buchanan Street, Burnaby, BC V5C 6R7, and will also be available at the Meeting.

Upon the approval of the Option Plan by Shareholders, Shareholder approval will not be required or sought on a case-by-case basis for the purpose of the granting of options and the exercise of options under the Option Plan. At the Meeting, Shareholders will be asked to approve an ordinary resolution approving the Option Plan. The text of the resolution to be considered and, if thought fit, approved at the Meeting is as follows:

***"RESOLVED THAT:***

- (a) *Subject to the approval of the TSX Venture Exchange, the Company's incentive stock option plan, which makes a total of 10% of the issued and outstanding shares of the Company available for issuance thereunder as described in the*

*Company's Management Information Circular dated November 12, 2020 be and is hereby ratified, confirmed and approved.*

- (b) *Any one director or officer of the Company be and is hereby authorized and directed to perform all such acts, deeds and things and execute all such documents and other instruments as may be required to give effect to the true intent of this resolution."*

Approval of the resolution will require the affirmative vote of a majority of the votes cast at the Meeting in respect thereof.

***Management of the Company recommends that Shareholders vote in favour of the approval of the Option Plan, and if named as proxy, the management designees intend to vote the Common Shares represented by such proxy FOR approval of the Option Plan, unless otherwise directed in the form of proxy.***

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

Management is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Instrument 58-201 – *Corporate Governance Guidelines* ("NI 58-201") establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. NI 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### **Board of Directors**

The Board is currently comprised of four directors and it is proposed that four directors will be nominated at the Meeting.

NI 58-201 recommends that the board of directors of every listed company should consist of a majority of individuals who qualify as "independent" directors under National Instrument 52-110 ("NI 52-110"), which provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of the company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

Of the proposed nominees, one nominee, Graeme O'Neill, is considered "not independent" as he is the CEO of the Company. Each of the remaining three nominated directors is considered by the Board to be "independent", within the meaning of NI 52-110. In assessing Form 58-101F1 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

### **Mandate of the Board of Directors**

The Board has responsibility for the stewardship of the Company. That stewardship includes responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

### **Directorships**

The participation of the current directors in other reporting issuers is as follows:

Name of Director	Name of Other Reporting Issuer
Graeme James O'Neill	Caliber Minerals Inc.
John Cerenzia	Caliber Minerals Inc.
Corey Klassen	Armadillo Resources Ltd.

Name of Director	Name of Other Reporting Issuer
James Walker	Ares Strategic Mining Inc.

### Orientation and Continuing Education

The Company has not formalized an orientation program. However, if a new director is appointed or elected, he or she is provided with orientation and education about the Company which would include information the duties and obligations of directors, the business and operations of the Company, documents from recent board meetings and opportunities for meetings and discussion with senior management and other directors. Specific details of the orientation of each new director would be tailored to that director's individual needs and areas of interest.

The Company does provide continuing education opportunities to directors so that they may maintain or enhance their skills and abilities as directors and ensure that their knowledge and understanding of the Company's business remains current.

### Ethical Business Conduct

The Company has not taken any formal steps to promote a culture of ethical business conduct, but the Company and its management are committed to conducting its business in an ethical manner. This is accomplished by management actively doing the following in its administration and conduct of the Company's business:

1. The promotion of integrity and deterrence of wrongdoing.
2. The promotion of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.
3. The promotion of avoidance or absence of conflicts of interest.
4. The promotion of full, fair, accurate, timely and understandable disclosure in public communications made by the Company.
5. The promotion of compliance with applicable governmental laws, rules and regulations.
6. Providing guidance to the Company's directors, officers and employees to help them recognize and deal with ethical issues.
7. Helping foster a culture of integrity, honesty and accountability throughout the Company.

### Nomination of Directors

The Board as a whole is responsible for identifying and evaluating qualified candidates for nomination to the Board. In identifying candidates, the Board considers the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess, the competencies and skills that the Board considers each existing director to possess, the competencies and skills each new nominee will bring to the Board and the ability of each new nominee to devote sufficient time and resources to his or her duties as a director.

### Compensation

The Compensation Committee (the "**Compensation Committee**") is comprised of John A. Cerenzia and Corey Klassen. The Compensation Committee is responsible for reviewing the adequacy and form of compensation paid to the Company's executives and key employees, and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Compensation Committee evaluates the performance of the chief executive officer and other senior management in light of corporate goals and objectives, and makes recommendations to the Board with respect to compensation levels based on such evaluations. The directors currently do not receive any remuneration for their acting in such capacity.

### Other Board Committees

The Board has not established any committees other than the Audit Committee and the Compensation Committee.

## Assessments

The Board has not developed written descriptions or objectives for its executives and looks to generally accepted industry standards as adequately delineating the roles and responsibilities of such persons. There is no formal process for regular assessment of the Board, its committees and individual directors. The Board informally assesses performance through ongoing dialogue amongst Board members.

## AUDIT COMMITTEE

### General

The Audit Committee is a standing committee of the Board of Directors, the primary function of which is to assist the Board of Directors in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company's financial statements and the independence and performance of the Company's external auditor, acting as a liaison between the Board and the Company's external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established.

### Terms of Reference for the Audit Committee

The Board has adopted the Terms of Reference for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The Audit Committee's Terms of Reference is attached as Schedule "A" to this Circular.

### Composition

The Audit Committee consists of the following three directors. Also indicated is whether they are 'independent' and 'financially literate':

Name of Member	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
Graeme O'Neill	Not Independent	Financially Literate
Corey Klassen	Independent	Financially Literate
John Cerenzia	Independent	Financially Literate

- (1) *A member of the Audit Committee is independent if he has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the President or Secretary, is deemed to have a material relationship with the Company.*
- (2) *A member of the Audit Committee is financially literate if he 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. See disclosure under "Election of Directors" pertaining to relevant experience of each member of the Audit Committee.*

Because the shares of the Company are listed on the Exchange, it is categorized as a venture issuer. As a result, National Instrument 52-110 *Audit Committees* ("NI 52-110") exempts the members of the Company's Audit Committee from being independent.

### Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation to the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

### Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

### *Pre-Approval Policies and Procedures*

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, however, as provided for in NI 52-110, the Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries, unless otherwise permitted by NI 52-110.

The table below sets out all fees billed by the Company's external auditors in each of the Company's two most recently completed financial years.

### *External Auditor Services Fees (By Category)*

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(1)</sup> (\$)</b>	<b>Audit Related Fees<sup>(2)</sup> (\$)</b>	<b>Tax Fees<sup>(3)</sup> (\$)</b>	<b>All Other Fees<sup>(4)</sup> (\$)</b>
December 31, 2019	<b>\$26,000</b>	\$Nil	\$Nil	\$Nil
December 31, 2018	<b>\$26,000</b>	\$Nil	\$Nil	\$Nil

(1) *The aggregate fees billed by the Company's auditor for audit fees.*

(2) *The aggregate fees billed for assurance and related services by the Company's auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.*

(3) *The aggregate fees billed for professional services rendered by the Company's Auditor for tax compliance, tax advice and tax planning. These services involved the filing of the Company's annual tax returns.*

(4) *The aggregate fees billed for professional services other than those listed in the other three columns.*

### *Exemption for Venture Issuers*

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Company from the requirements of Part 5 (Reporting Obligations) of NI 52-110.

## **STATEMENT OF EXECUTIVE COMPENSATION**

The following Statement of Executive Compensation is prepared in accordance with National Instrument Form 51-102F6. The purpose of this Statement of Executive Compensation is to provide disclosure of all compensation earned by directors and certain executive officers in connection with their position as a director or officer of, or consultant to, the Company.

### **Named Executive Officers**

For the purpose of this Circular, a Named Executive Officer ("NEO") of the Company means each of the following individuals:

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

For the financial years ended December 31, 2018 and December 31, 2019, the Company had two NEOs being Graeme O'Neill, CEO and Rick Low, President and CFO.

### **Compensation Discussion and Analysis**

#### *Compensation Program Objectives*

The objectives of the Company's executive compensation program are as follows:

- to attract, retain and motivate talented executives who create and sustain the Company’s continued success;
- to align the interests of the Company’s executives with the interests of the Company’s shareholders; and
- to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

Overall, the executive compensation program aims to design executive compensation packages that meet executive compensation packages for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics. The Company is a venture issuer company involved in mineral exploration and development; therefore it has not yet generated any revenue from operations. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Company to be appropriate in the evaluation of the performance of the NEOs.

#### *Purpose of the Compensation Program*

The Company’s executive compensation program has been designed to reward executives for reinforcing the Company’s business objectives and values, for achieving the Company’s performance objectives and for their individual performances.

#### *Elements of Compensation Program*

The executive compensation program consists of a combination of base salary, performance bonus and stock option incentives.

#### *Purpose of Each Element of the Executive Compensation Program*

The base salary of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

In addition to a fixed base salary, each NEO is eligible to receive a performance-based bonus meant to motivate the NEO to achieve short-term goals. The pre-established, quantitative target(s) used to determine performance bonuses are set each fiscal year. Awards under this plan are made by way of cash payments only, which payment are made at the end of the fiscal year.

Stock options are generally awarded to NEOs on an annual basis based on performance measured against set objectives. The granting of stock options upon hire aligns NEOs’ rewards with an increase in shareholder value over the long term. The use of stock options encourages and rewards performance by aligning an increase in each NEO’s compensation with increases in the Company’s performance and in the value of the shareholders’ investments.

#### *Determination of the Amount of Each Element of the Executive Compensation Program, Compensation Risk and Compensation Governance*

Compensation of the NEOs of the Company is reviewed annually by the Compensation Committee, which makes its recommendations to the Board of Directors of the Company (the “**Board**”), which approves the compensation of the NEOs. The Company has not retained any compensation advisor or compensation consultant in respect of its compensation policies.

The Board reviews from time to time and at least once annually, the risks, if any, associated with the Company’s compensation policies and practices at such time. Such a review occurs at the time of preparation of the Compensation Discussion & Analysis. Implicit in the Board’s mandate is that the Company’s policies and practices respecting compensation, including those applicable to the Company’s executives, be designed in a manner which is in the best interests of the Company and its shareholders and risk implications is one of many considerations which are taken into account in such design.

It is anticipated that the majority of the Company’s executive compensation will consist of options granted under the Plan. Such compensation is both “long term” and “at risk” and, accordingly, is directly linked to the achievement of long term value creation. As the benefits of such compensation, if any, are not realized by the executive until a significant period of time has passed, the ability of executives to take inappropriate or excessive risks that are beneficial to them from the standpoint of their compensation at the expense of the Company and its shareholders is limited.

The other two elements of compensation, consulting fees and performance bonuses, represent the remaining portion of an executive’s total compensation. While neither salary nor bonus are “long term” or “at risk”, as noted above, these components

of compensation are not at a level of total compensation whereby an executive would take inappropriate or excessive risks at the expense of the Company and its shareholders that would be beneficial to them from the standpoint of their short term compensation when their long term compensation might be put at risk from their actions.

Due to the small size of the Company, and the current level of the Company's activity, the Board are able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which, financial and other information of the Company are reviewed, and which includes executive compensation. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

NEOs and directors of the Company are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, 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.

Compensation of the NEOs of the Company is reviewed annually by the Compensation Committee, which approves the compensation of the NEOs.

#### *Compensation Committee*

The Board has established a Compensation Committee which is responsible for reviewing the adequacy and form of compensation paid to the Company's executives and key employees, and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Compensation Committee evaluates the performance of the chief executive officer and other senior management in light of corporate goals and objectives, and makes recommendations with respect to compensation levels based on such evaluations.

#### *Base Salary*

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not evaluated against a formal "peer group". The Compensation Committee relies on the general experience of its members in setting base salary amounts.

#### *Performance Bonuses*

The Compensation Committee oversees the operation of the Corporation's bonus plan by evaluating and approving the targets and the objectives to be met by the NEO and the amount of bonus payable at specific levels of attainment of those targets and objectives. The bonus for each individual NEO varies dependent upon the position and the factors considered in assessing the bonus amounts include, but are not limited to, expense control and attainment of specific strategic business goals.

#### *Stock Options*

The Company has established a "rolling" stock option plan under which stock options up to a maximum of 10% of the Company's issued and outstanding share capital can be granted to directors, officers and consultants as an incentive to serve the Company in attaining its goal of improved Shareholder value. The Board, based upon recommendations of the Compensation Committee where appropriate, determines which NEOs (and other persons) are entitled to participate in the Option Plan; determines the number of options granted to such individuals; and determines the date on which each option is granted and the corresponding exercise price. The Board makes these determinations subject to the provisions of the existing Option Plan and, where applicable, the policies of the Exchange. Previous grants of option-based awards are taken into account when considering new grants.

As at the date of this Circular, the Company has a total of 10,790,000 options outstanding pursuant to the Option Plan.

#### *Link to Overall Compensation Objectives*

Each element of the executive compensation program has been designed to meet one or more objectives of the overall program.

The fixed base salary of each NEO, combined with the granting of stock options, has been designed to provide total compensation which the Board believes is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

### Summary Compensation Table

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by the Company and its subsidiaries for services in all capacities to the Company during the three most recently-completed financial years:

Name and principal position	Year ended Dec. 31	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Graeme O'Neill CEO	2019	Nil	Nil	140,048	Nil	Nil	Nil	180,000	320,048
	2018	Nil	Nil	128,104	Nil	Nil	Nil	180,000	308,104
	2017	Nil	Nil	213,413	Nil	Nil	Nil	120,000	333,413
Rick Low <sup>3</sup> President and CFO	2019	Nil	Nil	44,578	Nil	Nil	Nil	120,000	164,578
	2018	Nil	Nil	41,140	Nil	Nil	Nil	108,000	149,140
	2017	Nil	Nil	5,560	Nil	Nil	Nil	58,000	63,560

(1) Option based awards are non-cash items at fair value as calculated by the Black Scholes formula.

### Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the NEOs of the Company:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Graeme O'Neill	1,000,000	0.25	2022-09-18	Nil	N/A	N/A
	200,000	0.25	2023-03-06	Nil		
	90,000	0.20	2023-05-08	Nil		
	1,000,000	0.15	2023-09-24	Nil		
	850,000	0.10	2024-08-22	4,250		
	250,000	0.10	2024-12-06	1,250		
Rick Low	350,000	0.15	2021-12-05	Nil	N/A	N/A
	50,000	0.20	2022-07-13	Nil		
	150,000	0.25	2023-03-06	Nil		
	50,000	0.20	2023-05-08	Nil		
	150,000	0.15	2023-09-24	Nil		
	100,000	0.10	2024-02-12	500		
	100,000	0.10	2024-05-07	500		
	100,000	0.10	2024-06-17	500		
	150,000	0.10	2024-08-22	750,000		
	150,000	0.10	2024-12-06	750,000		

(1) Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options as at the closing price on the date of the current financial year end, or, if no trades on date of the current financial year end, closing price on the previous trading day. The last closing price of the Company's shares was \$0.105 on December 31, 2019.

### Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed financial year:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Graeme O’Neill	Nil	Nil	Nil
Rick Low	Nil	Nil	Nil

*Pension Plan Benefits – Defined Benefits Plan and Defined Contribution*

The Company does not have a Defined Benefits Pension Plan nor a Defined Contribution Pension Plan.

*Termination and Change of Control Benefits*

During the most recently completed financial year there were no employment contracts, agreement, plans or arrangements for payments to an NEO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO’s responsibilities.

**Director Compensation**

*Director Compensation Table*

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Company (other than NEOs) for the most recently completed financial year.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
John Cerenzia	Nil	Nil	23,164	Nil	Nil	Nil	23,164
Corey Klassen	Nil	Nil	23,164	Nil	Nil	Nil	23,164
James Walker	Nil	Nil	27,314	Nil	Nil	1,800	29,114

(1) Option based awards are non-cash items at fair value as calculated by the Black Scholes formula.

**Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation**

*Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the directors of the Company, other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO’s:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
John Cerenzia	50,000	0.10	2020-01-08	250	Nil	Nil
	70,000	0.12	2021-06-30	Nil		
	40,000	0.125	2021-12-20	Nil		
	30,000	0.20	2022-07-13	Nil		
	75,000	0.25	2023-03-06	Nil		
	50,000	0.20	2023-05-08	Nil		
	50,000	0.15	2023-09-24	Nil		
	100,000	0.10	2024-02-12	500		
	60,000	0.10	2024-05-07	300		
	40,000	0.10	2024-06-17	200		
	50,000	0.10	2024-08-22	250		
	50,000	0.10	2024-12-06	250		

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Corey Klassen	50,000	0.10	2020-01-08	250	Nil	Nil
	70,000	0.12	2021-06-30	Nil		
	40,000	0.125	2021-12-20	Nil		
	30,000	0.20	2022-07-13	Nil		
	75,000	0.25	2023-03-06	Nil		
	50,000	0.20	2023-05-08	Nil		
	50,000	0.15	2023-09-24	Nil		
	100,000	0.10	2024-02-12	500		
	60,000	0.10	2024-05-07	300		
	40,000	0.10	2024-06-17	200		
	50,000	0.10	2024-08-22	250		
	50,000	0.10	2024-12-06	250		
	James Walker	200,000	0.10	2024-05-07		
100,000		0.10	2024-06-17	500		
50,000		0.10	2024-08-22	250		
50,000		0.10	2024-12-06	250		

(1) Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options as at the closing price on the date of the current financial year end, or, if no trades on date if the current financial year end, closing price on the previous trading day. The last closing price of the Company's shares was \$0.105 on December 31, 2019.

### Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Company during the most recently completed financial year, other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO's:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John Cerenzia	Nil	Nil	N/A
Corey Klassen	Nil	Nil	N/A
James Walker	Nil	Nil	N/A

### Long Term Incentive Plans

The Company does not have a Long Term Incentive Plan pursuant to which it provides compensation intended to motivate performance over a period greater than one financial year.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out, as of the end of the Company's fiscal year ended December 31, 2019, all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans <sup>(1)</sup> (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	10,270,000	\$0.14	407,394
Equity compensation plans not approved by securityholders	N/A	N/A	N/A

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans<sup>(1)</sup> (excluding securities reflected in column (a)) (c)</b>
<b>Total</b>	<b>10,270,000</b>		<b>407,394</b>

(1) The issued and outstanding capital of the Company was 106,773,944 on December 31, 2019.

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

None of the directors or executive officers of the Company or any subsidiary thereof, has more than “routine indebtedness” to the Company or any subsidiary thereof.

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

Unless otherwise disclosed herein, no informed person or proposed nominee for election as a director, or any associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Company’s most recently completed financial year, which has materially affected or will materially affect the Company or any of its subsidiaries, other than as disclosed by the Company during the course of the year or as disclosed herein.

### **MANAGEMENT CONTRACTS**

No management functions of the Company or any of its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or subsidiaries, except as disclosed herein.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.bayhorsesilver.com](http://www.bayhorsesilver.com). Shareholders may also contact the Company at its head office at 2501 - 4398 Buchanan Street, Burnaby, BC V5C 6R7, Phone: (604) 684-3394, Email: [company@bayhorsesilver.com](mailto:company@bayhorsesilver.com).

Financial information is provided in the Company’s comparative financial statements and MD&A for its most recently completed fiscal year ended December 31, 2017 which are filed on SEDAR.

### **BOARD APPROVAL**

The content and sending of this Circular has been approved by the Board. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

**DATED** at Vancouver, British Columbia, this 12<sup>th</sup> day of November, 2020.

**BY ORDER OF THE BOARD OF  
BAYHORSE SILVER INC.**

*“Graeme O’Neill”*

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**Graeme O’Neill**  
Chief Executive Officer

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**SCHEDULE A**

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**BAYHORSE SILVER INC.****TERMS OF REFERENCE FOR THE AUDIT COMMITTEE****Mandate**

The primary function of the audit committee (the “Audit 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 the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels.

The Audit 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 auditors;
- provide an open avenue of communication among the Company’s auditors, financial and senior management, and the Board of Directors.

**Composition**

The Audit Committee shall comprise three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s 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 presumably be expected to be raised by the Company’s financial statements.

The members of the Audit 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 Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

**Meetings**

The Audit Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the CFO and the external auditors in separate sessions.

**Responsibilities and Duties**

To fulfill its responsibilities and duties, the Audit Committee shall:

***Documents / Reports Review***

- (a) Review and update this Charter annually.
- (b) Review the Company’s financial statements, MD&A 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 auditors.

### ***External Auditors***

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors to the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, 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.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) 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 auditors. 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 auditors 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 Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

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

### ***Financial Reporting Processes***

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' 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 auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

- (e) Following completion of the annual audit, review separately with management and the external auditors 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 auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors 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 confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

***Other***

Review any related-party transactions.