

**SUTTER GOLD MINING INC.**

**Annual General Meeting  
to be held on June 13, 2018**

**Notice of Annual General Meeting  
and  
Information Circular**

**May 7, 2018**



## **SUTTER GOLD MINING INC.**

2414 Garland Street  
Lakewood, Colorado, 80215

### **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the shareholders of Sutter Gold Mining Inc. (the “**Company**”) will be held at Suite 410, 325 Howe Street, Vancouver, British Columbia on Wednesday, June 13, 2018 at 9:30 a.m. At the Meeting, the shareholders will receive the financial statements for the year ended December 31, 2017, together with the auditor’s report thereon, and consider resolutions to:

1. elect directors for the ensuing year;
2. appoint DeVisser Gray LLP, Chartered Accountants, as auditor of the Company for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor;
3. confirm the Company’s stock option plan, as required annually by the policies of the TSX Venture Exchange; and
4. transact such other business as may properly be put before the Meeting.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the “**Board**”) requests that all shareholders who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. (“**Computershare**”). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by 9:30 a.m. (Vancouver, British Columbia time) on Monday, June 11, 2018 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used), then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on May 7, 2018 will be entitled to vote at the Meeting.

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

DATED at Vancouver, British Columbia, the 7<sup>th</sup> day of May, 2018.

#### **ON BEHALF OF THE BOARD**

*(signed) “Richard A. Winters”*

Richard A. Winters  
Chief Executive Officer

## **SUTTER GOLD MINING INC.**

2414 Garland Street  
Lakewood, Colorado, 80228

### **INFORMATION CIRCULAR**

(as at May 7, 2018 except as otherwise indicated)

#### **SOLICITATION OF PROXIES**

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the Management of Sutter Gold Mining Inc. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general meeting of the shareholders of the Company to be held on Wednesday, June 13, 2018 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

#### **APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to Computershare Investor Services Inc. (“**Computershare**”) by 9:30 a.m. (local time in Vancouver, British Columbia) on Monday, June 11, 2018, or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to Computershare, or by transmitting a revocation by telephonic or electronic means, to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

#### **Provisions Relating to Voting of Proxies**

**The shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this**

**Circular, the management of the Company (the “Management”) knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.**

#### **Advice to Beneficial Holders of Common Shares**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name.** Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

The Company has distributed copies of the Notice of Meeting, Circular and VIF to intermediaries for distribution to NOBOs. Unless you have waived your right to receive the Notice of Meeting, Circular and VIF, intermediaries are required to deliver them to you as a NOBO of the Company and to seek your instructions on how to vote your common shares.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 9:00 a.m./p.m. (Vancouver time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, Computershare, unless specifically stated otherwise.

### Financial Statements

The audited financial statements of the Company for the year ended December 31, 2017, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of an unlimited number of common shares and an unlimited number of series 1 convertible redeemable preference shares, of which 124,108,655 common shares and 254,414 series 1 convertible redeemable preference shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at May 7, 2018, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company:

Shareholder	Number of Shares	Percentage of Issued Capital
RMB Resources Ltd. <sup>(1)</sup>	58,216,820	46.91%

Note:

- (1) Richard A. Winters, a director and acting CEO of the Company, is the President of RMB Resources Ltd., a wholly-owned unit of the Rand Merchant Bank division of FirstRand Bank.

### ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. The number of directors of the Company is currently set at five.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>RICHARD A. WINTERS</b> <sup>(4)</sup> Colorado, USA <i>Interim President, Chief Executive Officer and Director</i>	President of RMB Resources Inc., a wholly-owned unit of the Rand Merchant Bank division of FirstRand Bank.	July 29, 2008	Nil
<b>LEANNE M. BAKER</b> <sup>(3)(4)</sup> Missouri, USA <i>Director</i>	Managing Director of Investor Resources LLC from January 2006 until November 2011, President and CEO of Sutter Gold Mining November 2011 until June 2013, Director of Agnico Eagle Mines Ltd., Reunion Gold Corporation and McEwen Mining Inc., all public companies.	November 1, 2011	1,400,000
<b>JAMES A. CROMBIE</b> <sup>(2)(3)</sup> Nassau, Bahamas <i>Director</i>	Director of Arian Silver Corporation and Torex Gold Resources Limited, President and CEO of Odyssey Resources Limited.	June 9, 2009	Nil
<b>MARK T. BROWN</b> <sup>(2)(3)</sup> British Columbia, Canada <i>Director and Chairman</i>	President of Pacific Opportunity Capital Ltd., a private company that provides financial and administrative services to public and private companies. Director and officer of several public and private companies.	June 29, 2006	967,768 <sup>(5)</sup>
<b>ALLEN S. WINTERS</b> <sup>(2)(4)</sup> Wyoming, USA <i>Director</i>	Retiree and independent consultant for various mining companies.	May 29, 2006	50,000

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the Audit Committee.
- (3) A member of the Corporate Governance and Compensation Committee.
- (4) A member of the Health, Environmental and Safety Committee.
- (5) These common shares are held by Pacific Opportunity Capital Ltd, a company controlled by Mark T. Brown and his family and of which Mark T. Brown is the President and a director.

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

### **Corporate Cease Trade Orders or Bankruptcies**

No director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar 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; or
- (c) 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.

### **Individual Bankruptcies**

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

### **Penalties or Sanctions**

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the financial year ended December 31, 2017, the Company had three Named Executive Officers (“NEOs”) being, Richard A. Winters, Interim President and Chief Executive Officer (“CEO”), Amanda Miller, Chief Financial Officer (“CFO”) and David Cochrane, Vice President Environmental, Health and Safety.

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

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Compensation Discussion and Analysis**

The Corporate Governance and Compensation Committee of the Company determines the compensation payable to its NEOs. The Company’s compensation program is based on the knowledge and experience of the NEOs and is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual knowledge and experience and contribution to increasing shareholder value. The Company recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive’s level of responsibility. In general, a NEO’s compensation is comprised of three components:

- (a) salary;
- (b) bonus; and
- (c) stock option grants.

Bonuses are granted to the Company’s NEOs based on performance and the compensation program is designed to reward performance related milestones. The Company does not actively benchmark its executive compensation program, and the individual components thereof, with comparable companies.

The Company’s general executive compensation philosophy is to, whenever possible, pay its executive officers “base” compensation in the form of salaries that are competitive with the opportunity to earn additional compensation through the potential attainment of annual incentive bonuses and through the Company’s stock option plan.

No directors’ fees are paid.

Neither the Board nor the Corporate Governance and Compensation Committee has proceeded to a formal evaluation of the implications of the risks associated with the Company’s compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation programme, and the Board and the Corporate Governance and Compensation Committee does not believe that the Company’s compensation programme results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

The Company’s NEOs and directors 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.

### **Share-Based and Option-Based Awards**

The Company does not grant share-based awards. The Corporate Governance and Compensation Committee is responsible for granting options to the NEOs. Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs. When new

options are granted, the Board takes into account the previous grants of options, the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

The exercise price of the stock options granted is generally determined by the market price at the time of grant, less any allowable discount.

### **Compensation Governance**

The Company has formed a Corporate Governance and Compensation Committee, comprised of Mark T. Brown (Chairman), James A. Crombie and Leanne M. Baker.

Of the current members of the Corporate Governance and Compensation Committee, Mr. Crombie and Ms. Baker are considered to be "independent" as such term is defined under National Instrument 52-110 - *Audit Committees* ("NI 52-110"). Mr. Brown is not "independent" as he is also the Chairman of the Board of the Company. The policies and practices adopted by the Corporate Governance and Compensation Committee to determine the compensation for the Company's NEOs and directors is set forth above under the heading "Executive Compensation - Compensation Discussion and Analysis" and "Share-Based and Option-Based Awards."

The primary purpose of the Corporate Governance and Compensation Committee is to enable the Company to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Company's management and directors (including bonuses and option grants). The quantity and quality of the Board compensation is reviewed on an annual basis by the Corporate Governance and Compensation Committee. At present, the Corporate Governance and Compensation Committee is satisfied that the current compensation arrangements, which currently consist solely of incentive stock options, adequately reflect the responsibilities and risks involved in being an effective director of the Company.

Members of the Corporate Governance and Compensation Committee are appointed or reappointed at a meeting of the Board annually, and from among the appointees to the Corporate Governance and Compensation Committee the Board appoints a chairperson, whose duties include overseeing the proper functioning of the Corporate Governance and Compensation Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Corporate Governance and Compensation Committee will meet as often as may be necessary or appropriate in its judgment.

The Corporate Governance and Compensation Committee is accountable to the Board and reports to the Board at its next regular meeting all deliberations and actions it has taken since any previous report.

All members of the Corporate Governance and Compensation Committee are experienced executives within the mining industry with experience in determining executive compensation. In addition, the members hold seats on the board of directors of other mining companies.

Based on their business and educational experiences, each Corporate Governance and Compensation Committee member has a reasonable understanding of the compensation principles used by the Company; an ability to assess the general suitability of such principles in connection with executive compensation, and experience analyzing and setting executive compensation.

### SUMMARY COMPENSATION TABLE

Set out below is a summary of compensation paid or accrued during the Company's three most recently completed financial years to the Company's NEOs. All amounts reported in the table below are reported in US dollars, which is the same currency that the Company uses for its financial statements.

#### Summary Compensation Table

Name and principal position	Year	Salary (US\$)	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual Incentive plans	Long-term incentive plans			
Richard A. Winters <i>Interim President &amp; CEO</i>	2017	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
	2016	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
	2015	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
Amanda Miller, <i>CFO</i>	2017	119,761	N/A	Nil	N/A	N/A	N/A	Nil	119,761
	2016	119,761	N/A	Nil	N/A	N/A	N/A	Nil	119,761
	2015	119,761	N/A	Nil	N/A	N/A	N/A	Nil	119,761
David Cochrane, <i>VP Environmental, Health and Safety</i>	2017	185,000	N/A	Nil	N/A	N/A	N/A	Nil	185,000
	2016	185,000	N/A	Nil	N/A	N/A	N/A	Nil	185,000
	2015	185,000	N/A	Nil	N/A	N/A	N/A	Nil	185,000

#### Narrative Discussion

Following are the significant terms of the employment agreements for each NEO of the Company:

##### Employment Agreement – Amanda Miller – CFO

The Company entered into an employment agreement (the “**Miller Employment Agreement**”) with Amanda Miller effective September 24, 2008, pursuant to which Ms. Miller was employed as Accounting Manager for an unspecified term at an initial starting salary of US\$80,000 per annum, payable monthly, plus benefits and the granting of stock options and the awarding of bonuses, as may be awarded at the sole discretion of the Board, from time to time. The Miller Employment Agreement continues to apply to Ms. Miller in her role as CFO of the Company. For information regarding termination and change of control provisions set out in the Miller Employment Agreement, refer to the heading “Statement of Executive Compensation – Termination and Change of Control Benefits.”

Employment Agreement – David A. Cochrane – VP Environmental Health and Safety

The Company entered into an employment agreement (the “**Cochrane Employment Agreement**”) with David Cochrane effective September 7, 2009, pursuant to which Mr. Cochrane is employed as VP of Environmental Health and Safety for an unspecified term at a current salary of US\$185,000 per annum, payable monthly, plus benefits and the granting of stock options and the awarding of bonuses, which shall be determined upon the Company having reached certain performance milestones, and all such other annual bonuses and options as may be awarded at the sole discretion of the Board, from time to time. For information regarding termination and change of control provisions set out in the Cochrane Employment Agreement, refer to the heading “Statement of Executive Compensation – Termination and Change of Control Benefits.”

**INCENTIVE PLAN AWARDS**

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

The Company does not have any share-based awards held by a NEO. At the end of the most recently completed financial year, there were no outstanding option-based awards held by the NEOs of the Company.

**Incentive Plan Awards – Value Vested or Earned During the Year**

There were no outstanding incentive plan awards nor share-based awards – value vested or earned during the most recently completed financial year held by the NEOs of the Company.

**Narrative Discussion**

The following information is intended as a brief description of the Company’s stock option plan (the “**Stock Option Plan**”) and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the last closing price of the Company’s shares traded through the facilities of the TSX Venture Exchange (the “**Exchange**”) prior to the announcement of the option grant, or such other price as may be required or permitted by the Exchange, or if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The Board shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the Board grants and announces the granting of the option.

4. If the option holder ceases to be a director of the Company (other than by reason of death), then the option granted shall expire 90 days following the date the option holder ceases to be a director of the Company unless he or she continues to be engaged by the Company as an employee or a consultant, in which case the expiry date shall remain unchanged.
5. If the option holder ceases to be an employee or consultant of the Company (other than by reason of death), then the option granted shall expire 90 days following the date the option holder ceases to be an employee or consultant of the Company unless he or she continues to be engaged by the Company in a different position with the Company, in which case the expiry date shall remain unchanged.
6. The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three month period.

#### **PENSION BENEFITS**

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

#### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

Each of the current NEOs have termination and change and control benefits provided for in their respective employment agreements as noted below.

##### Employment Agreement – Amanda Miller –CFO

The Miller Employment Agreement may be terminated by Ms. Miller with a minimum of 14 and a maximum of 30 days' written notice by the Company at any time, without cause, by payment of a one-time severance payment in accordance with the Company's severance policy then in effect, if any. In the absence of an effective severance policy, the severance payment shall be determined by multiplying each full year of service with the Company by one pro-rata week of Ms. Miller's annual salary, less all ordinary deductions for taxes and other authorized deductions in accordance with applicable employment laws.

In the event of a change of control, the Company will pay Ms. Miller an amount equal to US\$90,000 less any ordinary taxes and authorized deductions. This amount shall be paid in addition to any severance payment to which Ms. Miller will be eligible under the Company's then existing severance policy or pursuant to the Miller Employment Agreement. She will also be entitled to any bonuses earned at that time in accordance with the provisions of the Miller Employment Agreement.

##### Employment Agreement – David Cochrane – VP Environmental, Health and Safety

The Cochrane Employment Agreement may be terminated by Mr. Cochrane with a minimum of 14 and a maximum of 30 days' written notice by the Company at any time, without cause, by payment of a one-time severance payment in accordance with the Company's severance policy then in effect, if any. In the absence of an effective severance policy, the severance payment shall be determined by multiplying each full year of service with the Company by one pro-rata week of Mr. Cochrane's annual salary, less all ordinary deductions for taxes and other authorized deductions in accordance with applicable employment laws.

In the event of a change of control, the Company will pay Mr. Cochrane an amount equal to US\$185,000 less any ordinary taxes and authorized deductions. This amount shall be paid in addition to any severance payment to which Mr. Cochrane will be eligible under the Company's then existing severance policy or pursuant to the Cochrane Employment Agreement. He will also be entitled to any bonuses earned at that time in accordance with the provisions of the Cochrane Employment Agreement. In the event of a change of control, any restrictions upon the stock options granted to Mr. Cochrane will lapse and all stock options granted will become fully vested.

The table below sets out the estimated incremental payments, payables and benefits due to each of the NEOs on termination without cause assuming termination on December 31, 2017. All amounts reported in the table below are reported in US dollars, which is the same currency that the Company uses for its financial statements.

<b>Name</b>	<b>Base Salary (US\$)</b>	<b>Bonus (US\$)</b>	<b>Option-Based Awards (US\$)</b>	<b>All Other Compensation (US\$)</b>	<b>Total (US\$)</b>
Richard A. Winters, <i>President &amp; CEO</i>	N/A	N/A	N/A	N/A	N/A
Amanda Miller, <i>CFO</i>	N/A	N/A	N/A	23,030	23,030
David Cochrane, <i>VP, Environmental Health and Safety</i>	N/A	N/A	N/A	32,019	32,019

The table below sets out the estimated incremental payments, payables and benefits due to each of the NEOs on termination on a change of control or resignation for good cause following a change of control assuming termination or resignation on December 31, 2017. All amounts reported in the table below are reported in US dollars, which is the same currency that the Company uses for its financial statements.

<b>Name</b>	<b>Base Salary (US\$)</b>	<b>Bonus (US\$)</b>	<b>Option-Based Awards (US\$)</b>	<b>All Other Compensation (US\$)<sup>(1)</sup></b>	<b>Total (US\$)</b>
Richard A. Winters, <i>President &amp; CEO</i>	N/A	N/A	N/A	N/A	N/A
Amanda Miller <i>CFO</i>	N/A	N/A	N/A	90,000	90,000
David Cochrane, <i>VP, Environmental Health and Safety</i>	N/A	N/A	N/A	185,000	185,000

Note:

(1) These are contractual severances to be paid out as a result of change of control.

Other than as described above, the Company has no other compensatory plan, contract or arrangement to compensate a NEO in the event of resignation, retirement or other termination of the NEO's employment with the Company, a change of control of the Company, or a change in responsibilities of the NEO following a change in control.

## DIRECTOR COMPENSATION

Other than compensation paid to the NEOs, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

Set out below is a summary of compensation paid or accrued during the Company's most recently completed financial year to the Company's directors, other than the NEOs previously disclosed. All amounts reported in the table below are reported in US dollars, which is the same currency that the Company uses for its financial statements.

**Director Compensation Table**

Name	Fees earned (US\$)	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)	Pension value (US\$)	All other compensation (US\$)	Total (US\$)
Allen S. Winters	N/A	N/A	N/A	N/A	N/A	N/A	Nil
Mark T. Brown	N/A	N/A	N/A	N/A	N/A	N/A	Nil
James Crombie	N/A	N/A	N/A	N/A	N/A	N/A	Nil
Leanne Baker	N/A	N/A	N/A	N/A	N/A	N/A	Nil

### Narrative Discussion

Directors are compensated through the grant of stock options, however, no stock options were granted to directors in the last fiscal year. No directors' fees are paid.

## INCENTIVE PLAN AWARDS

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

The Company does not have any share-based awards held by a director. At the end of the most recently completed financial year, there were no outstanding option-based awards held by the directors of the Company.

### Incentive Plan Awards – Value Vested or Earned During the Year

There were no outstanding incentive plan awards nor share-based awards – value vested or earned during the most recently completed financial year held by the directors of the Company.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the most recently completed financial year:

<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 (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by the securityholders	N/A	N/A	12,410,865
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
<b>Total</b>	N/A	N/A	12,410,865

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

None of the current or former directors, executive officers, employees of the Company or any of its subsidiaries, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company or any of its subsidiaries since the beginning of the most recently completed financial year of the Company.

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

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

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

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

### **APPOINTMENT OF AUDITOR**

#### **Auditor**

Management intends to nominate DeVisser Gray LLP, Chartered Accountants, of 401 - 905 West Pender Street, Vancouver, British Columbia V6C 3S7, for re-appointment as auditor of the Company. Forms of proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of DeVisser Gray, LLP, Chartered Accountants, as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the directors.

## MANAGEMENT CONTRACTS

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

## AUDIT COMMITTEE

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

### **Audit Committee Charter**

The text of the Audit Committee’s charter is attached as Schedule “A” to this Circular.

### **Composition of Audit Committee and Independence**

The Company’s current Audit Committee consists of Mark T. Brown (Chairman), James A. Crombie and Allen S. Winters.

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company’s Board, reasonably interfere with the exercise of the member’s independent judgment. Of the Company’s current Audit Committee members, James A. Crombie and Allen S. Winters are “independent” within the meaning of NI 52-110. Mr. Brown is not “independent” as he is also the Chairman of the Board of the Company.

NI 52-110 provides that 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. All of the members of the Audit Committee are “financially literate” as that term is defined. The following sets out the Audit Committee members’ education and experience that is relevant to the performance of his responsibilities as an audit committee member.

### **Relevant Education and Experience**

#### *Mark T. Brown*

Mark T. Brown received a Bachelor of Commerce Degree from the University of British Columbia in 1990 and is a member of the Institute of Chartered Professional Accountants of British Columbia. He is currently President of Pacific Opportunity Capital Ltd., a private company which provides financial solutions, equity and management services to small and medium size entrepreneurial enterprises. Between 1990 and 1994, Mr. Brown worked with PricewaterhouseCoopers. He is currently a director and /or officer of other public companies including Avrupa Minerals Ltd., Strategem Capital Corporation, Alianza Minerals Ltd., Almadex Minerals Ltd., Paget Minerals Ltd., Almaden Minerals Ltd., Redstar Gold Corp., Adamera Minerals Ltd. and Mountain Boy Minerals Ltd.

*James A. Crombie*

James Crombie graduated from the Royal School of Mines, London, in 1980 with a B.Sc. (Hons) in Mining Engineering, where he was the recipient of an Anglo American scholarship. Mr. Crombie held various positions with DeBeers Consolidated Mines and the Anglo American Corporation in South Africa and Angola between 1980 and 1986. He spent the next thirteen years as a mining analyst and investment banker with Shepards, Merrill Lynch, James Capel & Co. and Yorkton Securities. Mr. Crombie was vice president, corporate development of Hope Bay Gold Corporation from February 1999 through May 2002 and president and CEO of Ariane Gold Corp. from August 2002 to November 2003. Mr. Crombie was president, CEO and a director of Palmarejo Silver and Gold Corporation until the merger with Coeur d'Alene Mines Corporation in December 2007. Mr. Crombie is also currently an officer or director or both of a number of publicly-traded resource companies.

*Allen S. Winters*

Allen S. Winters is currently a consultant to the mining industry and previously served in a variety of senior executive management positions with Homestake Mining Co. ("**Homestake**") over a 20 year period (1974-1995). Homestake merged into Barrick Gold Corporation in December 2001 to create one of the world's largest gold mining companies. At the time of his retirement from Homestake in 1995, Mr. Winters was Vice President and General Manager with primary responsibility for the Homestake mine in Lead, South Dakota. From 1988 through 1992, he served as Vice President of U.S. Operations for Homestake and had direct responsibility for five domestic mining operations producing precious metals and uranium for two joint ventures.

**Audit Committee Oversight**

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

**Reliance on Certain Exemptions**

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

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

**Pre-Approval Policies and Procedures**

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

**Audit Fees**

The following table sets forth the fees billed by DeVisser Gray LLP Chartered Accountants, to the Company and its subsidiaries for services rendered in the last two fiscal years:

	<u>2017</u>	<u>2016</u>
	(US\$) <sup>(5)</sup>	(US\$) <sup>(5)</sup>
Audit fees <sup>(1)</sup> .....	16,911	20,800
Audit related fees <sup>(2)</sup> .....	Nil	Nil
Tax fees <sup>(3)</sup> .....	26,009	29,746
All other fees <sup>(4)</sup> .....	Nil	Nil
Total	<u>42,920</u>	<u>50,546</u>

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audited related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.
- (5) All amounts reported in the table are billed in Canadian dollars and reported in US dollars, which is the same currency that the Company uses for its financial statements, using the average Canadian / US exchange rate for the 2015 and 2016 financial year, as applicable.

### Exemption in Section 6.1

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

## CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company's approach to corporate governance is set out below.

### Board of Directors

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

Mark T. Brown is the current Chairman of the Board.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. The "material relationship" is defined as a relationship which could, in the view of the Company's Board,

reasonably interfere with the exercise of a director's independent judgement. All of the current members of the Board are considered "independent" within the meaning of NI 52-110, except for Richard A. Winters, who is the Interim President and CEO of the Company and Mark T. Brown, who is Chairman of the Board.

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

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

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

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

### **Directorships**

The following directors of the Company are also directors of other reporting issuers as stated:

- Leanne M. Baker is a director of Agnico Eagle Mines Limited and Reunion Gold Corporation.
- Mark T. Brown is a director of Avrupa Minerals Ltd., Big Sky Petroleum Corporation, Strategem Capital Corporation, Alianza Minerals Ltd., Almaden Minerals Ltd., Almadex Minerals Limited, Mountain Boy Minerals Ltd. and Paget Minerals Corp.
- James A. Crombie is a director of Arian Silver Corporation, Odyssey Resources Ltd. and Torex Gold Resources Inc.
- Allen S. Winters is a director Highland Copper Company Inc.

### **Orientation and Continuing Education**

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

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

### **Ethical Business Conduct**

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations, and the small number of officers and consultants, allow the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

### **Nomination of Directors**

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

### **Corporate Governance and Compensation Committee**

The Company has formed a Corporate Governance and Compensation Committee comprised of Mark T. Brown (Chairman), Leanne Baker and James Crombie (the "**Corporate Governance and Compensation Committee**") whose primary purpose is to enable the Company to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Company's management and directors (including bonuses and option grants). Of the current members of the Corporate Governance and Compensation Committee, Mr. Crombie and Ms. Baker are considered to be "independent" as such term is defined in NI 52-110. Mr. Brown is not "independent" as he is also the Chairman of the Board of the Company.

The quantity and quality of the Board compensation is reviewed on an annual basis by the Board. At present, the Board is satisfied that the current compensation arrangements, which currently consist solely of incentive stock options, adequately reflect the responsibilities and risks involved in being an effective director of the Company.

Members of the Corporate Governance and Compensation Committee are appointed or reappointed at the meeting of the Board following the Company's annual general meeting and from among the appointees to the Corporate Governance and Compensation Committee the Board appoints a chairperson, whose duties include overseeing the proper functioning of the Corporate Governance and Compensation Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Corporate Governance and Compensation Committee will meet as often as may be necessary or appropriate in its judgment.

The Corporate Governance and Compensation Committee is accountable to the Board and reports to the Board at the Board's next regular meeting all deliberations and actions it has taken since any previous report.

### **Other Board Committees**

The written charter of the Audit Committee, as required by NI 52-110, is contained in Schedule "A" to this Circular. The Company has also formed a Health, Environmental & Safety Committee comprised of Leanne Baker (Chairman), Richard Winters and Allen S. Winters. The principal purpose of the Health, Environmental & Safety Committee is to review and monitor the environmental policies and activities of the Company on behalf of the Board and the activities of the Company as they relate to the health and safety of employees of the Company in the workplace.

Annually, following the annual general meeting of the Company, the Board elects from its members not less than three directors to serve on the Health, Environmental & Safety Committee. Each member holds office until the close of the next annual general meeting of the Company or until the member resigns or is replaced, whichever first occurs. The Board appoints one of the directors on the Health, Environmental & Safety Committee as the chairperson, whose duties include overseeing the proper functioning of the Health, Environmental & Safety Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

### **Assessments**

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. As the Company grows, and its operations and management structure became more complex, the Board expects it will constitute formal standing committees.

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

### **Confirming Stock Option Plan**

Shareholders are being asked to confirm approval of the Stock Option Plan, which was initially adopted by the directors of the Company on June 7, 2011. There have been no changes to the Stock Option Plan since it was adopted by the directors. The Stock Option Plan is subject to approval by the Exchange.

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

1. The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the last closing price of the Company's shares traded through the facilities of the Exchange prior to the announcement of the option grant, or such other price as may be required or permitted by the Exchange, or if the shares are no longer listed for trading on

the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.

2. The Board shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the Board grants and announces the granting of the option.
4. If the option holder ceases to be a director of the Company (other than by reason of death), then the option granted shall expire 90 days following the date the option holder ceases to be a director of the Company unless he or she continues to be engaged by the Company as an employee or a consultant, in which case the expiry date shall remain unchanged.
5. If the option holder ceases to be an employee or consultant of the Company (other than by reason of death), then the option granted shall expire 90 days following the date the option holder ceases to be an employee or consultant of the Company unless he or she continues to be engaged by the Company in a different position with the Company, in which case the expiry date shall remain unchanged.
6. The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three month period.

In accordance with the policies of the Exchange, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting. Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

**“IT IS RESOLVED THAT** the Stock Option Plan is hereby approved and confirmed.”

### **General Matters**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's comparative annual financial statements to December 31, 2017, a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company by telephone at 303-238-1438.

### **BOARD APPROVAL**

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

DATED at Vancouver, British Columbia, the 7<sup>th</sup> day of May, 2018.

### **ON BEHALF OF THE BOARD**

*(signed) Richard A. Winters*

Richard A. Winters  
Chief Executive Officer

## SUTTER GOLD MINING INC.

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### Schedule "A" Audit Committee Charter

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The Audit Committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The Audit Committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
  - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company;
  - (ii) the auditor's report, if any, prepared in relation to those financial statements,
- (b) review the Company's annual and interim earnings press releases before the Company publicly discloses this information,
- (c) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures,
- (d) recommend to the board of directors:
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
  - (ii) the compensation of the external auditor,
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting,
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established,
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company,
- (h) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company, and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with National Instrument 52-109.

### **Composition of the Committee**

The committee will be composed of 3 directors from the Company's board of directors, a majority of whom will be independent. Independence of the Board members will be as defined by applicable legislation and as a minimum each independent committee member will have no direct or indirect relationship with the Company which, in the view of the board of directors, could reasonably interfere with the exercise of a member's independent judgment.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

### **Authority**

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

### **Reporting**

The reporting obligations of the committee will include:

1. reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors' meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.

