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Toronto, Ontario, M5H 1T1, Canada
(416) 365-7043

www.toachimining.com

**Management Information Circular
Dated December 21, 2018**

TOACHI MINING INC.
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that Toachi Mining Inc. (“Toachi” or the “**Corporation**”) will hold its annual and special meeting of shareholders (the “**Meeting**”) at the offices of Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2, Canada, on Thursday, January 31st, 2019 at 10:00 a.m. (Toronto Time) for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation as at and for the year ended July 31, 2018 and the independent auditors’ report thereon;
2. To elect the directors of the Corporation for the ensuing year;
3. To appoint the auditors of the Corporation and authorize the directors to fix the auditors’ remuneration;
4. To consider, and if deemed advisable, to pass, without variation, an ordinary resolution confirming the Corporation’s stock option plan;
5. To consider, and if deemed advisable, pass a special resolution amending the Corporation’s Articles of Incorporation such that between annual and general meetings of the Corporation, the directors of the Corporation may appoint one or more additional directors to serve until the next annual and general meeting but the number of additional directors shall not at any time exceed one-third of the number of directors who held office at the expiration of the last annual and general meeting; and
6. To transact any other business properly brought before the Meeting.

Holders of common shares are invited to attend the Meeting. Shareholders of record as at the close of business on Friday, December 21, 2018 will be entitled to notice of and to vote at the Meeting.

A detailed description of the matters to be acted upon at the Meeting is set forth in the accompanying management information circular of the Corporation dated December 21, 2018 (the “**Information Circular**”).

The Corporation has elected not to use the notice-and-access provisions under National Instrument 54-101 and National Instrument 51-102 (“Notice-and-Access Provisions”) of the Canadian Securities Administrators for this Meeting.

Please review the Information Circular carefully and in full prior to voting in relation to the matters set out above as the Information Circular has been prepared to help you make an informed decision on such matters. This Information Circular is also available on the Corporation’s profile on SEDAR at www.sedar.com. Any Shareholder who wishes to receive a paper copy of the Information Circular should contact the Corporation’s transfer agent, TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, ON M5H 4H1, Fax: (416) 595-9593, Toll-free: 1 (866) 600-5869.

Copies of: (a) this notice of annual and special meeting of shareholders; (b) the Information Circular; and (c) a management form of proxy and instructions in relation thereto (the “**Management Proxy**”) may be obtained at the following office: Toachi Mining Inc., 2400 - 120 Adelaide Street West, Toronto, Ontario, Canada, M5H 1T1, or will be sent to a shareholder without charge upon request by calling (416) 365-7043.

DATED the 21st day of December, 2018.

By Order of the Board of Directors

(Signed) “*Alain Bureau*”
President & CEO

TOACHI MINING INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation by management (“**Management**”) of Toachi Mining Inc. (the “**Corporation**”), of proxies to be used at the annual and special meeting of shareholders (the “**Meeting**”) of the Corporation to be held at the offices of Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2, Canada, on Thursday, January 31st, 2019 at 10:00 am (Eastern Standard Time) for the purposes set forth in the accompanying notice of annual and special meeting (the “**Notice**”).

Except as otherwise indicated, information herein is given as at December 21, 2018. In this Information Circular, all references to dollar amounts are to Canadian dollars, unless otherwise specified. All references herein to the Corporation shall include its subsidiaries as the context may require.

The board of directors of the Corporation (the “**Board**”) has by resolution fixed the close of business on December 21, 2018 as the record date (the “**Record Date**”) for the Meeting. Only shareholders of the Corporation (each a “**Shareholder**” and collectively, the “**Shareholders**”) of record as at 5:00 pm (Eastern Standard Time) as at the Record Date will be entitled to receive the Notice and related documents and to vote at the Meeting or at any adjournment thereof, but failure to receive such Notice does not deprive Shareholders of their right to vote their shares at the Meeting.

If a Shareholder has transferred any of his/her/its common shares in the Corporation (the “**Common Shares**”) after the Record Date, and the transferee of these Common Shares produces properly endorsed share certificates or otherwise establishes that he/she/it owns such Common Shares, as the case may be, and demands, at least ten (10) days before the Meeting, that his/her/its name be registered on the list of Shareholders entitled to vote, the transferee is entitled to vote such Common Shares at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. Each Shareholder has the right to appoint a person or company, who need not be a Shareholder, other than the persons named in the enclosed form of proxy, to represent such Shareholder at the Meeting or any adjournment(s) thereof. Such right may be exercised by inserting such person’s name in the blank space provided and striking out the names of Management’s nominees in the Management Proxy or by completing another proper form of proxy. All proxies must be executed by the Shareholder or his or her attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized. The completed form of proxy must be deposited at the office of the Corporation’s transfer agent, TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, ON M5H 4H1, Canada, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment(s) thereof.

A Shareholder forwarding the enclosed Management Proxy may indicate the manner in which the appropriate appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The Common Shares represented by the proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

In addition to revocation in any other manner permitted by law, a Management Proxy or other form of proxy may be revoked if it is received not later than 10:00 am (Eastern Standard Time) on Tuesday, January 29, 2019 or, if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting, by completing and signing a proxy bearing a later date and depositing it with TSX Trust Company on behalf of the Corporation.

If you are a registered shareholder of the Corporation, whether or not you are able to attend the Meeting, you are requested to complete, execute and deliver the enclosed form of Management Proxy in accordance with the instructions set forth on the form to the Corporation, c/o TSX Trust Company, Attn: Proxy Department, 301 - 100 Adelaide Street West, Toronto, ON M5H 4H1, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment(s) or postponement(s) thereof. The time limit for the deposit of proxies may be waived by the board of directors at its discretion without notice. Registered Shareholders may also vote their proxies via telephone or the internet in accordance with the instructions set forth on the proxy.

EXERCISE OF DISCRETION BY PROXIES

Common Shares represented by properly executed proxies in favour of the persons named in the enclosed Management Proxy will be either voted for, against or withheld from voting, as applicable, in accordance with the instructions given by the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **Where Shareholders have properly executed proxies in favour of the persons named in the enclosed Management Proxy and have not specified in the Management Proxy the manner in which the named proxies are required to vote the Common Shares represented thereby, such Common Shares will be voted in favour of the passing of the matters set forth in the Notice.** The enclosed Management Proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters that may properly come before the Meeting. At the date hereof, neither Management nor the directors of the Corporation (each a “**Director**” and collectively, the “**Directors**”) are aware of any such amendments, variations or others matters to come before the Meeting. However, if any other matters which at present are not known to Management should properly come before the Meeting, the Management Proxy will be voted on such matters in accordance with the best judgement of the named proxies.

INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

Registered Holders of Common Shares or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

Distribution to NOBOs

In accordance with the requirements of the Canadian Securities Administrators and National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the Corporation will have caused its agent to distribute copies of the Notice and this Information Circular (collectively, the “**meeting materials**”) as well as a proxy directly to those Non-Registered Holders who have provided instructions to an Intermediary that such Non-Registered Holder does not object to the Intermediary disclosing ownership information about the beneficial owner (“**Non-Objecting Beneficial Owner**” or “**NOBO**”).

These security holder materials are being sent to both registered holders of the securities and Non-Registered Holders of the securities. If you are a Non-Registered Holder, and the Corporation or its agent has sent these 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.

By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for proxy enclosed with mailings to NOBOs.

The meeting materials distributed by the Corporation's agent to NOBOs include a proxy. Please carefully review the instructions on the proxy for completion and deposit.

Distribution to OBOs

In addition, the Corporation will have caused its agent to deliver copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to those Non-Registered Holders who have provided instructions to an Intermediary that the beneficial owner objects to the Intermediary disclosing ownership information about the beneficial owner ("**Objecting Beneficial Owner**" or "**OBO**").

Intermediaries are required to forward the meeting materials to OBOs unless an OBO has waived his or her right to receive them. Intermediaries often use service companies such as Broadridge Financial Solutions, Inc. to forward the meeting materials to OBOs. Generally, those OBOs who have not waived the right to receive meeting materials will either:

1. be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the OBO, but which is otherwise uncompleted. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare in the manner set out above in this Information Circular, with respect to the Common Shares beneficially owned by such OBO; or
2. more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute authority and instructions (often called a "**Voting Instruction Form**") which the Intermediary must follow. Typically, the Voting Instruction Form will consist of a one-page pre-printed form. The purpose of this procedure is to permit the OBO to direct the voting of the shares he or she beneficially owns.

Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the persons named in the form and insert the Non-Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions, including those regarding when and where the proxy or voting instruction form is to be delivered.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, Management is not aware of any person who may have an interest, whether such interest is by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting. The officers of the Corporation (each an "**Officer**") and Directors since the beginning of the last financial year, each proposed Director and each associate or affiliate of such persons, have an interest in the ratification of the Corporation's stock option plan (the "**Stock Option Plan**"), as such persons may be granted stock options (the "**Options**") under the Stock Option Plan.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 81,166,435 Common Shares are issued and outstanding as fully paid and non-assessable Common Shares. Each issued and outstanding Common Share entitles its holder to one vote.

To the knowledge of the Directors and Officers, there is one person or company, who beneficially own, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than ten percent (10%) of the voting rights.

Name	Number of Toachi Shares	Percentage of Issued and Outstanding Toachi Shares
Jonathan Goodman ⁽¹⁾	13,801,334	17.00%

(1) Mr. Goodman holds his shares via his investment company, Metaform Investments Mining Limited Partnership.

MATTERS TO BE ACTED UPON AT THE MEETING

1. PRESENTATION OF FINANCIAL STATEMENTS FOR 2018

A copy of the audited consolidated financial statements of the Corporation for the years ended July 31, 2018, 2017, and 2016, can be found on the Corporation's SEDAR profile at www.sedar.com. A copy can also be obtained on request by contacting the Corporation at 2400 - 120 Adelaide Street West, Toronto, Ontario, M5H 1T1, Attention: Talia Shewchuk, Corporate Secretary.

2. ELECTION OF DIRECTORS

The articles of incorporation provide that the Board consists of a minimum of three (3), maximum of ten (10) Directors. The number of Directors is currently set at six (6) and the number of Directors for election is set at six (6). The nominees are, in the opinion of the Board, well qualified to act as Directors for the coming year. Each nominee has established his or her eligibility and willingness to serve as Director, if elected. Each duly elected Director will hold office until the next annual meeting of Shareholders or until a successor is duly elected, unless his or her office is earlier vacated in accordance with the articles of the Corporation.

Alain Bureau, P.Eng., RMC

President & CEO, Non-Independent Director

Mr. Bureau is a professional engineer with over 25 years of leadership in project management, operating in Latin America countries, gained through notable projects including the mines of, Izcaycruz & Yauliyacu in Peru, Escondida Copper Mine and Altonorte in Chile, Pinos Altos in Mexico, Raglan Mine and the renowned Au-Rich VMS project La Ronde in Quebec, Canada. Mr. Bureau's expertise includes working in cross-cultural situations within political and cultural nuances. Prior to joining Toachi, he served as President and Chief Executive Officer of Pershimco Resources for nine years and built it into a development stage mining company. In 2016, Mr. Bureau was instrumental in the merger of Pershimco Resources to Orla Mining.

Mr. Bureau is a member of the Ordre des Ingénieurs du Québec and Vice-President of the Panama-Canada Chamber of Commerce. Mr. Bureau is also an active member of the Mining Chamber of Ecuador.

Jonathan Goodman, P.Eng., CFA, MBA

Chairman, Independent Director

Mr. Goodman is Chairman & CEO of Dundee Corporation, a Toronto-based resources investment firm, President & CEO of Metaform Investments Inc., and the Chair of Dundee Precious Metals Inc., an integrated precious and base metals producer.

He has over 30 years of experience in the resource and investment industry, working as a geologist, senior analyst, portfolio manager and senior executive. Mr. Goodman joined Goodman & Company, Investment Counsel Ltd., in 1990, where he was responsible for the selection of Canadian equities and played a major role in developing asset allocation strategies, before becoming the company's President. He is also one of the founders of Goepel Shields and Partners, an investment firm.

Mr. Goodman graduated from the Colorado School of Mines as a Professional Engineer, holds an MBA from the University of Toronto and is a Chartered Financial Analyst.

Laurence Curtis, Ph.D., P. Geo

Independent Director

Mr. Curtis is a Professional Geologist (BSc (Hons) from Australian National University (1969) and PhD, 1975, Toronto) with forty years of international exploration experience in the natural resource sector with direct experience in Africa, Greenland, North, South and Central America, and the Pacific.

Mr. Curtis founded Intrepid Minerals Corporation in 1995, serving as President, CEO and Director. Following the merger with Nustar Mining in 2006 the company name was changed to Intrepid Mines Limited. Intrepid Mines merged with Emperor Mines in 2007 following which Mr. Curtis stepped down as President and CEO but remained as a director. Mr. Curtis is a member of the Association of the Professional Geoscientists of Ontario.

Mr. Curtis has over 22 years' experience as a director of public companies involved in exploration, development and mining. Mr. Curtis is currently Chairman of Eastmain Resources Inc., and a director of Excellon Resources Inc., and former director of Intrepid Mines Limited, Wheaton River Minerals, High River Gold Mines and Breakwater Resources.

Peter Nixon

Independent Director, Chair of Compensation and Corporate Governance Committee

Mr. Nixon has more than 31 years of experience in the investment services industry in Canada and the United States, with a specialty in the natural resource sector, working primarily in research and institutional sales. He was also a founder of the investment firm Goepel Shields & Partners and was subsequently the President of the firm's subsidiary in the United States. Mr. Nixon later joined Dundee Securities Corporation, with the mandate to expand the company's activities in the United States. He is also a member of the Institute of Corporate Directors.

Mr. Nixon is currently Chairman of Midas Gold Corp., and a director of Dundee Corporation, Dundee Precious Metals Inc., Reunion Gold Corporation, and Stornoway Diamond Corporation.

Carolina Vargas, B.Sc., MBA

Independent Director, Chair of Audit Committee

Ms. Vargas is the Managing Partner of Global Symmetry Group, a Toronto-based financial consultancy company.

Ms. Vargas graduated with an MBA from the Rotman School of Management at the University of Toronto and with a B.Sc. in Engineering from the University of Los Andes in Colombia. Ms. Vargas has more than 16 years of experience in the financial services sector with a focus on financial analysis with a number of Canadian investment banking firms, in addition to extensive banking experience in Latin American markets. From 2009-2011, she was ranked as one of the top research analysts for the Clean Energy sector by Brendan Wood International.

Eberhard Scherkus, P.Eng.

Independent Director, Chair of Environment, Health, and Safety

Mr. Scherkus is best known for his long and distinguished career with Agnico Eagle Mines Limited, serving as President and Chief Operating Officer/Director from 2005 to 2012, Executive Vice-President and Chief Operating Officer from 1998 to 2005, Vice-President, Operations from 1996 to 1998, Manager of Agnico Eagle LaRonde Division from 1986 to 1996, and Project Manager from 1985 to 1986. Mr. Scherkus is a graduate of McGill University (B.Sc.), a member of the Association of Professional Engineers of Ontario and past president of the Québec Mining Association. Mr. Scherkus is also the Chairman of TSX-listed Stornoway Diamond Corporation.

Corporate Cease Trade Orders

Except as otherwise disclosed herein, no proposed director of the Corporation is, as of the date of this Information Circular, or has been, within ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, issued either while that person was acting in that capacity or after that person ceased to act in that capacity if it resulted from an event that occurred while that person was acting in that capacity.

Bankruptcies

- (a) Except as otherwise disclosed herein, no proposed director of the Corporation is, as of the date of this Information Circular, or has been within ten (10) years before the date hereof, a director or executive officer of any company that, while such 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.
- (b) Except as otherwise disclosed herein, no proposed director of the Corporation has, within ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Penalties or Sanctions

No proposed director of the Corporation 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 has been subject to any other penalties or sanctions

imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Following approval of these appointments by the Shareholders as the case may be, the Board of Directors will be composed of five (5) independent Directors, and one (1) non-independent Director who is the President and CEO of the Corporation, for a total of six (6) Directors.

The following table sets out the names and municipalities of residence of each member of the Board, their principal occupation or employment, and the number of Common Shares and any other securities of the Corporation beneficially owned by each, directly or indirectly or over which they exercise control or direction. Each elected nominee will hold office until the close of the next annual meeting of Shareholders or until a successor is elected or appointed, unless such nominee's office is earlier vacated.

Name and Position with Corporation	Province and Country of Residence	Principal Occupation	Director Since	Toachi Mining Inc. Shares Beneficially Owned or Controlled or Directed (#)
Alain Bureau ⁽³⁾ Non-Independent Director	Rio Hato, Province of Coclé, Panama	President & CEO Toachi Mining Inc.	January 31, 2018	1,333,334 ⁽⁴⁾
Jonathan Goodman Chairman Independent Director	Toronto, Ontario, Canada	Chairman and CEO, Dundee Corporation	January 29, 2016	13,801,334 ⁽⁵⁾
Laurence Curtis ⁽³⁾ Independent Director	Oakville, Ontario, Canada	Chairman, Eastmain Resources Inc.	February 24, 2011	2,192,575 ⁽⁶⁾
Peter Nixon ^{(1),(2)} Independent Director	Niagara-on-the Lake, Ontario, Canada	Chairman, Midas Gold Corp.	August 24, 2016	425,667 ⁽⁷⁾
Eberhard Scherkus ^{(1),(2),(3)} Independent Director	Oakville, Ontario, Canada	Chairman, Stornoway Diamond Corporation	May 10, 2017	3,933,334 ⁽⁸⁾
Carolina Vargas ^{(1),(2)} Independent Director	Toronto, Ontario, Canada	Managing Partner, Global Symmetry Group	August 24, 2016	200,000 ⁽⁹⁾

⁽¹⁾ Member of the Compensation and Corporate Governance Committee of the Corporation.

⁽²⁾ Member of the Audit Committee of the Corporation.

⁽³⁾ Member of the Environment, Health, and Safety Committee of the Corporation.

⁽⁴⁾ Mr. Bureau has control over 1,333,334 Common Shares or 1.64% of the Common Shares outstanding.

⁽⁵⁾ Mr. Goodman has control over 13,801,334 Common Shares or 17.00% of the Common Shares outstanding.

⁽⁶⁾ Mr. Curtis has control of 2,192,575 Common Shares or 2.70% of the Common Shares outstanding.

⁽⁷⁾ Mr. Nixon has control over 425,667 Common Shares or 0.52% of the Common Shares outstanding.

⁽⁸⁾ Mr. Scherkus has control over 3,933,334 Common Shares or 4.85% of the Common Shares outstanding.

⁽⁹⁾ Ms. Vargas has control over 200,000 Common Shares or 0.25% of the Common Shares outstanding.

Management and the Directors do 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 named in the Management Proxy reserve the right to vote FOR another nominee in their discretion.

If you complete and return the Management Proxy, the persons designated in the Management Proxy intend to vote at the Meeting, or any adjournment thereof, FOR the election of Alain Bureau, Jonathan Goodman, Laurence Curtis, Peter Nixon, Eberhard Scherkus, and Carolina Vargas as Directors, unless you specifically direct that your vote be withheld.

3. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

Management of the Corporation will recommend at the Meeting that Shareholders appoint UHY McGovern Hurley LLP Chartered Accountants as auditors of the Corporation, to hold office until the next annual meeting of shareholders of the Corporation, and to authorize the directors to fix their remuneration.

If you complete and return the Management Proxy, the persons designated in the Management Proxy intend to vote at the Meeting, or any adjournment thereof, FOR the appointment of UHY McGovern Hurley LLP as auditors of the Corporation and to authorize the Board to fix the auditor's remuneration, unless you specifically direct that your vote be withheld.

4. CONFIRMATION OF THE STOCK OPTION PLAN

On March 30, 2011, the Directors adopted the Stock Option Plan, in substantially its current form, which was subsequently approved by the Shareholders. The purpose of the Stock Option Plan is to attract, retain and motivate Directors, Officers, employees and consultants (collectively, the “**Participants**”) by providing them with the opportunity, through the granting of Options, to acquire a proprietary interest in the Corporation and benefit from its growth. In Management’s view, the ability to grant Options as a means of compensating Participants contributes to the Corporation’s overall financial performance. As such, Management considers that the Stock Option Plan is beneficial to the Corporation as it provides the Corporation with greater flexibility to compensate eligible Participants with grants of Options and encourage Participant ownership of the Corporation.

The Stock Option Plan is a “rolling” plan. The policies of the TSX Venture Exchange (the “**TSXV**”) require that a “rolling” stock option plan (where a specific maximum number of shares issuable under the plan is not fixed), such as that of the Corporation, be ratified by the Shareholders at each annual and special meeting.

The Stock Option Plan provides that eligible persons thereunder include any Director, employee, (full-time or part-time), Officer or consultant of the Corporation or any subsidiary thereof, may be granted Options by the Corporation. A consultant means an individual (including an individual whose services are contracted through a personal holding company) with whom the Corporation or a subsidiary has a contract for substantial services.

Summary of Stock Option Plan

The full Stock Option Plan is available from the Corporation upon request. The material terms of the Stock Option Plan are as follows:

1. The number of Common Shares which may be reserved for issuance to eligible persons (as defined in the Stock Option Plan) is a maximum of 10% of the issued and outstanding Common Shares.
2. No one person shall be issued Options representing more than 5% of the issued and outstanding Common Shares in any 12-month period.

3. All Options will be non-assignable and non-transferable and may be granted for a term not exceeding five years, unless the Corporation is listed on Tier 1 of the TSXV, in which case the Options may be granted for a term not exceeding ten years.
4. The exercise price of Options may be the market price of the Common Shares as listed on the TSXV, subject to any discounts permitted by applicable legislative and regulatory requirements.
5. No financial assistance can be provided by the Corporation to Option holders to facilitate the purchase of Common Shares under the Stock Option Plan.
6. The Stock Option Plan also contains anti-dilution provisions usual to plans of this type.
7. If an Option holder ceases to be a Director, Officer, or employee or consultant of the Corporation (other than by reason of death), then the Options will expire no later than 90 days following that date.
8. Investor relations persons may not be granted Options exceeding 2% of outstanding Common Shares and such Options must vest over one year with no more than 25% of the Options vesting in each quarter.

The Shareholders will be requested at the Meeting to pass the following resolution, without variation:

“IT IS HEREBY RESOLVED, THAT:

1. The Stock Option Plan, the material terms of which are summarized in this Information Circular is hereby ratified and the Board is hereby authorized, without further approval of the Shareholders, to make any further amendments to the Stock Option Plan as may be required by the TSXV.
2. Any director or officer of the Corporation is hereby authorized for, on behalf of, and in the name of the Corporation to do and perform or cause to be done or performed all such things, to take or cause to be taken all such actions, to execute and deliver or cause to be executed and delivered all such agreements, documents and instruments, contemplated by, necessary or desirable in connection with the Stock Option Plan and the foregoing resolutions, as may be required from time to time and contemplated and required in connection therewith, or as such director or officer in his or her discretion may consider necessary, advisable or appropriate in order to give effect to the intent and purposes of the foregoing resolutions, and the doing of such things, the taking of such actions and the execution of such agreements, documents and instruments shall be conclusive evidence that the same have been authorized and approved hereby.”

MANAGEMENT RECOMMENDS THAT SHAREHOLDERS VOTE IN FAVOUR OF THE STOCK OPTION PLAN RESOLUTION. IN ORDER TO BE PASSED, A MAJORITY OF THE VOTES CAST AT THE MEETING IN PERSON OR BY PROXY MUST BE VOTED IN FAVOUR OF THE STOCK OPTION PLAN RESOLUTION.

If you complete and return the Management Proxy, the persons designated in the Management Proxy intend to vote at the Meeting, or any adjournment thereof, FOR the Stock Option Plan Resolution, unless you specifically direct that your vote be voted against the Stock Option Plan Resolution.

5. ARTICLES OF AMENDMENT

Management and the board of directors regularly review the qualifications and skill sets of the Corporation’s staff, management and directors. The Company continues to focus on ensuring core competencies including financial, technical, geological and capital markets expertise are reflected within management and the board of directors. This is done to ensure that the Company is sufficiently prepared and well-positioned to manage, oversee and navigate the Corporation’s current activities and future development. As the Company grows and embarks on more advanced initiatives, the Company may be required to expand its current board of directors in order to ensure that all required skills and knowledge are in place for optimal decision making and oversight. Accordingly, the Company seeks shareholder

approval to adjust the number of directors via the following proposed amendment. The Shareholders will be requested at the Meeting to pass the following special resolution, without variation:

“IT IS HEREBY RESOLVED, THAT:

1. The Articles of the Corporation are hereby amended by adding the following provision:

“Between annual and general meetings of the Corporation, the directors of the Corporation may appoint one or more additional directors to serve until the next annual and general meeting but the number of additional directors shall not at any time exceed one-third of the number of directors who held office at the expiration of the last annual and general meeting.”

2. Upon Articles of Amendment having become effective in accordance with the provisions of the Canada Business Corporations Act, the Articles of the Corporation are amended accordingly
3. Any director or officer of the Corporation is hereby authorized for, on behalf of, and in the name of the Corporation to do and perform or cause to be done or performed all such things, to take or cause to be taken all such actions, to execute and deliver or cause to be executed and delivered all such agreements, documents and instruments, contemplated by, necessary or desirable in connection with the due carrying out of the foregoing resolutions, as may be required from time to time and contemplated and required in connection therewith, or as such director or officer in his or her discretion may consider necessary, advisable or appropriate in order to give effect to the intent and purposes of the foregoing resolutions, and the doing of such things, the taking of such actions and the execution of such agreements, documents and instruments shall be conclusive evidence that the same have been authorized and approved hereby.”

MANAGEMENT RECOMMENDS THAT SHAREHOLDERS VOTE IN FAVOUR OF THE ARTICLES OF AMENDMENT SPECIAL RESOLUTION. IN ORDER TO BE PASSED, 66^{2/3}% OF THE VOTES CAST AT THE MEETING IN PERSON OR BY PROXY MUST BE VOTED IN FAVOUR OF THE ARTICLES OF AMENDMENT SPECIAL RESOLUTION.

If you complete and return the Management Proxy, the persons designated in the Management Proxy intend to vote at the Meeting, or any adjournment thereof, FOR the Articles of Amendment Special Resolution, unless you specifically direct that your vote be voted against the Articles of Amendment Special Resolution.

6. OTHER MATTERS

The Corporation knows of no other matters to be brought before the Meeting. If any amendment, variation or other business is properly brought before the Meeting, the enclosed form of Management Proxy and voting instruction confers discretion on the persons named on the form of Management Proxy to vote on such matters in accordance with their best judgment.

EXECUTIVE COMPENSATION

For purposes of this Information Circular, a “**Named Executive Officer**” of the Corporation means an individual who, at any time during the year, was:

- (a) the Corporation’s chief executive officer (“**CEO**”);
- (b) the Corporation’s chief financial officer (“**CFO**”);
- (c) each of the Corporation’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 and whose total compensation was, individually, more than \$150,000 for that financial year; and

- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year.

Based on the foregoing definition, during the last completed financial year of the Corporation, there were two (2) Named Executive Officers.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis focuses on the design of the compensation program for the Corporation's Named Executive Officers as provided for in National Instrument 51-102. For the 2018 financial year, the Named Executive Officers are:

Named Executive Officer	Position
Alain Bureau	President and Chief Executive Officer ⁽¹⁾
Joseph Fazzini	Chief Financial Officer ⁽²⁾

Notes:

⁽¹⁾Mr. Nick Tintor resigned as President and Chief Executive Officer of the Corporation on September 8, 2017. Mr. Jonathan Goodman was appointed the President and CEO of the Corporation on September 8, 2017. Mr. Jonathan Goodman resigned as President and Chief Executive Officer of the Corporation on January 31, 2018. Mr. Alain Bureau was appointed the President and CEO of the Corporation on January 31, 2018.

⁽²⁾Mr. Stephen Gledhill resigned as CFO of the Corporation on December 5, 2017. Mr. Joseph Fazzini was appointed the CFO of the Corporation on December 5, 2017.

Objectives of Compensation Program

The Corporation's principal goal is to create value for its Shareholders. The Corporation believes that the compensation policies and practices of the Corporation should reflect the interests of its Shareholders in achieving this goal and is sufficiently attractive to recruit, retain and motivate high performing individuals to assist the Corporation in achieving its goals.

Elements of Executive Compensation

The Corporation's current executive compensation program has four principal components: base salary, short term incentive bonus plan, Options and Restricted Share Units (RSU). Base salaries for all employees of the Corporation are established for each position based on industry standards and performance based on expectations and goals. Both individual and corporate performances are also taken into account. Base salaries form an essential component of the Corporation's compensation mix as they are the first base measure to compare and remain competitive relative to peer groups. Base salaries are fixed and therefore not subject to uncertainty and are used as the base to determine other elements of compensation and benefits. To ensure the Corporation attracts and retains qualified and experienced executives, adjustments are made to the base salaries of executive officers.

Options and RSU are granted to provide an incentive to the Participants to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation. The Corporation awards Options and RSU to the Participants based upon the discretion of the Board which discretion is based upon the review of a proposal from the Chair of the Corporate Governance and Compensation Committee. Previous grants of Options and RSU are taken into account when considering new grants.

There are no perquisites or deferred payments payable to Named Executive Officers, and the Corporation has no other awards, bonuses, or other compensation other than the base salaries, short term incentive bonus plan, and participation in the Stock Option and RSU Plans.

Compensation Philosophy

The Corporation's compensation philosophy is based upon the following principles and objectives:

1. attracting, motivating and retaining individuals with exceptional executive, technical, financial, and other relevant skills;
2. aligning the interests of the executive officers of the Corporation with the interests of the Corporation and its Shareholders; and
3. linking executive compensation to the performance of the Corporation and each particular officer of the Corporation.

Performance Criteria

The Corporation's compensation program is primarily designed to reward performance, and accordingly, the performance of both the Corporation, as well as the individual performance of executive officers during the year in question, is examined by the Compensation Committee of the Board in conjunction with setting executive compensation packages.

Elements of the Executive Compensation Program

Base Salary

The base salary component is intended to provide a fixed level of competitive pay that is established at the time when an officer joins the Corporation. The Compensation Committee reviews compensation levels to determine if adjustments are necessary.

Short Term Incentive Bonus Compensation

In addition to base salaries, the Corporation has a discretionary bonus plan pursuant to which the Board may award annual cash bonuses to executive officers. The annual cash bonus element of the executive compensation program is designed to reward both corporate and individual performance during the Corporation's last calendar year. The Corporation did not pay any cash bonuses to its NEOs during the last calendar year.

Long Term Incentive Compensation – Stock Options

The Corporation's officers, directors, employees, contractors and other service providers are eligible to participate in the Corporation's stock option plan. The stock option plan has been approved by the Corporation's shareholders and promotes an ownership perspective among executives, encourages retention of key executives and provides an incentive to enhance shareholder value by furthering the Corporation's growth. As with most companies in the Corporation's peer group, stock options form an integral component of the total compensation package provided to the Corporation's executive officers. Participation in the stock option plan rewards overall corporate performance, as measured through the price of the Common Shares.

Consideration of Risks of Compensation Policies and Practices

In light of the Corporation's size and the balance between long-term objectives and short-term financial goals with respect to the Corporation's compensation program, the Board does not deem it necessary to consider at this time the implications of the risks associated with its compensation policies and practices.

Purchase of Financial Instruments

The Corporation does not currently have a policy that restricts Named Executive Officers or Directors from purchasing 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 Named Executive Officer or Director. However, to the knowledge of the Corporation as of the date of hereof, no Named Executive Officer or Director has participated in the purchase of such financial instruments.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year Ended July 31	Salary (\$)	Share-based awards	Option-based awards (\$) ⁽⁶⁾	Non-equity incentive plan compensation		Pension value	All other compensation (\$)	Total compensation (\$)
					Annual Incentive plans	Long-term incentive plans			
Alain Bureau ⁽¹⁾ President and Chief Executive Officer	2018	106,933	Nil	91,467	N/A	N/A	N/A	Nil	198,400
	2017	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
	2016	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
Joseph Fazzini ⁽²⁾ Chief Financial Officer	2018	118,750	Nil	56,870	N/A	N/A	N/A	Nil	175,620
	2017	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
	2016	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
Nick Tintor ⁽³⁾ President and Former Chief Executive Officer	2018	111,110	Nil	84,000	N/A	N/A	N/A	Nil	195,110
	2017	168,750	Nil	Nil	N/A	N/A	N/A	Nil	168,750
	2016	40,500	Nil	92,500	N/A	N/A	N/A	Nil	133,000
Stephen Gledhill ⁽⁴⁾ Chief Financial Officer	2018	88,890	Nil	Nil	N/A	N/A	N/A	Nil	88,890
	2017	135,000	Nil	Nil	N/A	N/A	N/A	Nil	135,000
	2016	32,400	Nil	55,500	N/A	N/A	N/A	Nil	87,900
Jonathan Goodman, ⁽⁵⁾ Chairman	2018	98,611	Nil	84,000	N/A	N/A	N/A	Nil	182,611
	2017	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
	2016	Nil	Nil	92,500	N/A	N/A	N/A	Nil	92,500

Notes:

- ⁽¹⁾ Mr. Bureau was appointed as President and CEO on January 31, 2018. Information regarding his share-based option awards is contained in the Director disclosure section of this Information Circular.
- ⁽²⁾ On December 5, 2017, Mr. Stephen Gledhill resigned as Chief Financial Officer and in his place, Mr. Joseph Fazzini was appointed as Chief Financial Officer.
- ⁽³⁾ Mr. Tintor served as President & CEO from October 14, 2010 to September 8, 2017. Mr. Tintor did not receive compensation directly from the Corporation except for grants of options. Mr. Tintor is a managing director of RG Mining Investments Inc. (“RGMI”), a company which provides management

services to the Corporation. RGMI invoiced the Corporation on a monthly basis for fees for management services provided by Mr. Tintor. The amounts shown as salary are an allocation of the total charges by RGMI of \$100,000, \$337,500, and \$81,000 for each of 2018, 2017, and 2016, respectively. On November 24, 2017, as part of the agreed-upon RGMI termination amount, the Corporation agreed to issue 200,000 common shares (the “**Termination Shares**”) with a deemed value of \$46,000 to Mr. Tintor and paid RGMI \$100,000 (the “**Termination Amount**”). The reported amount of shares does not include 203,502 Common Shares owned by RGMI that are controlled by Mr. Tintor. Mr. Tintor has control over 1,518,300 Common Shares or 2.49% of the Common Shares outstanding. The reported amount does not include Mr. Tintor's 513,000 options to purchase Common Shares as at December 8, 2017 or the 200,000 Termination Shares.

- (4) Mr. Gledhill served as CFO since March 30, 2011 to December 5, 2017. Mr. Gledhill did not receive compensation directly from the Corporation, except for grants of options. Mr. Gledhill is a managing director of RGMI. RGMI invoiced the Corporation on a monthly basis for fees for management services provided by Mr. Gledhill. As noted for Mr. Tintor, the amounts shown as salary are an allocation of the total charges by RGMI of \$337,500, \$81,000 and \$88,000 for each of 2017 and 2016, respectively.
- (5) Mr. Goodman was elected as President and CEO on September 8, 2017. Mr. Jonathan Goodman resigned as President and Chief Executive Officer of the Corporation on January 31, 2018. Mr. Goodman's total compensation was \$98,611.
- (6) The value of the option-based awards reflects the fair value of options granted on the date of grant, which was June 28, 2016 (year ended July 31, 2018). The fair value was computed using the Black Scholes option pricing model.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

Set forth in the table below is a summary of all share-based and option-based awards held by each of the Named Executive Officers outstanding as of December 21, 2018.

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (CDN\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Alain Bureau President and Chief Executive Officer ⁽¹⁾	1,000,000 ⁽²⁾	0.22	31-Jan-23	Nil	Nil	N/A
Joseph Fazzini Chief Financial Officer ⁽¹⁾	275,000 ⁽²⁾	0.22	5-Dec-22	Nil	Nil	N/A

(1) The market value of the Corporation's Common Shares was \$0.08, based on the closing market price of the common shares on the TSXV on December 21, 2018.

(2) These stock options which were granted on December 5, 2017 and January 31, 2018, vest as to 1/3 on date of grant; 1/3 on the first anniversary after date of grant; and 1/3 on the second anniversary after date of grant.

INCENTIVE PLAN AWARDS – VALUE VESTED DURING THE YEAR

Set forth below is a summary of the value vested during the financial years of the Corporation ended July 31, 2018, 2017, and 2016, in respect of all option-based and share-based awards and non-equity incentive plan compensation granted to the Named Executive Officers.

Name	Option-based awards – value vested during the year ended July 31 (\$)	Share-based awards – value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
Alain Bureau	2018 – 91,467	2018 – N/A	2018 – N/A
	2017 – Nil	2017 – N/A	2017 – N/A
	2016 – Nil	2016 – N/A	2016 – N/A
Joseph Fazzini	2018 – 56,870	2018 – N/A	2018 – N/A
	2017 – Nil	2017 – N/A	2017 – N/A
	2016 – Nil	2016 – N/A	2016 – N/A
Nick Tintor (former President & CEO)	2018 – 84,00	2018 – Nil	2018 – Nil
	2017 – Nil	2017 – N/A	2017 – N/A
	2016 – 92,500	2016 – N/A	2016 – N/A
Stephen Gledhill (former CFO)	2018 – Nil	2018 – Nil	2018 – Nil
	2017 – Nil	2017 – N/A	2017 – N/A
	2016 – 55,500	2016 – N/A	2016 – N/A

For further details concerning the incentive plans of the Corporation, please see “*Summary of Stock Option Plan*” below.

MANAGEMENT AGREEMENTS

The Corporation has entered into an agreement dated January 31, 2018 (the “Employment Agreement”) providing for Mr. Bureau’s services as President and Chief Executive Officer of the Corporation, which provides that the Corporation is to pay a salary of US\$146,660 per year payable in equal monthly instalments, subject to annual review by the Board, and provides that Mr. Alain Bureau (“Employment Agreement”) is eligible for discretionary bonus of up to thirty percent (30%). In addition, the Corporation agrees to reimburse Mr. Bureau for reasonable out-of-pocket expenses incurred from time to time. The Mr. Alain Bureau Agreement may be terminated as follows:

- (i) automatically upon the death of Mr. Bureau;
- (ii) by the Corporation in the event of the disability of Mr. Bureau, upon payment of twelve months’ base fees and a lump sum payment equal to the bonus Mr. Bureau would be entitled to through such twelve month period, as calculated based on the two prior years’ bonuses (collectively, the “Employment Agreement Severance Payment”);
- (iii) by the Corporation for cause;
- (iv) by the Corporation without cause, upon payment of the Employment Agreement Severance Payment;
- (v) by Mr. Bureau upon two months written notice; or
- (vi) by Mr. Bureau at any time for “good reason” (as defined in the Employment Agreement), in which event the consultant shall be entitled to receive the Mr. Bureau Severance Payment.

The Corporation has also entered into a separate agreement dated May 1, 2018 (the “Ecuador Employment Agreement”) providing for Mr. Bureau’s services as in-country President and Chief Executive Officer of the Corporation, which provides that the Corporation is to pay a salary of US\$36,000 per year payable in equal monthly instalments, subject to annual review by the Board.

In addition to the foregoing, the Employment Agreement also provides that in the event the Corporation terminates the Mr. Bureau Agreement without cause, or Mr. Bureau resigns with “good reason”, in either case within 12 months of the date of a Change of Control (as defined therein) the Corporation will pay to Mr. Bureau an amount equal to 24 months’ base fees and a lump sum payment equal to the bonus Mr. Bureau would have entitled to through such 24 month period, as calculated based on the prior two years’ bonuses. In the event that the Employment Agreement was terminated pursuant to items (ii), (iv) or (vi) above as of January 31, 2018, a termination payment of US\$400,000 would have been payable under the Employment Agreement. The agreement may otherwise be terminated on 90 days’ prior written notice for any reason, or without notice, for cause. In the event that Mr. Bureau was terminated without cause, or Mr. Bureau resigned with “good reason”, in either event within twelve months of a Change of Control, as of January 31, 2018, a termination payment of US\$400,000 would have been payable under the Employment Agreement.

The Corporation has entered into a consulting agreement dated October 16, 2017 (the “Atlas Consulting Agreement”) providing for Mr. Fazzini’s services as Chief Financial Officer of the Corporation, which provides that the Corporation is to pay a consulting fee of \$150,000 per year payable in equal monthly instalments, subject to annual review by the Board, and provides that Atlas Advisory Inc. (“Atlas”) is eligible for discretionary bonuses. In addition, the Corporation agrees to reimburse Atlas for reasonable out-of-pocket expenses incurred from time to time. The Atlas Consulting Agreement may be terminated as follows:

- (i) automatically upon the death of Mr. Fazzini;
- (ii) by the Corporation in the event of the disability of Mr. Fazzini, upon payment of twelve months’ base salary and a lump sum payment equal to the bonus he would have earned through such twelve-month period, as calculated based on the two prior years’ bonuses (collectively, the “**Atlas Severance Payment**”);
- (iii) by the Corporation for cause;
- (iv) by the Corporation without cause, upon payment of the Atlas Severance Payment;
- (v) by Atlas upon two months written notice; or
- (vi) by Atlas at any time for “good reason” (as defined in the Atlas Consulting Agreement), in which event the consultant shall be entitled to receive the Atlas Severance Payment.

In addition to the foregoing, the Atlas Consulting Agreement provides that in the event the Corporation terminates Atlas without cause, or Atlas resigns with “good reason”, in either case within 12 months of the date of a Change of Control (as defined therein) the Corporation will pay to Atlas an amount equal to 24 months’ base salary and a lump sum payment equal to the bonus to which it would have earned through such 24 month period, as calculated based on the prior two years’ bonuses. In the event that the Atlas Consulting Agreement was terminated pursuant to items (ii), (iv) or (vi) above as of October 16, 2017, a termination payment of \$300,000 would have been payable under the Atlas Consulting Agreement. The Atlas Consulting Agreement may otherwise be terminated on 90 days’ prior written notice for any reason, or without notice, for cause. In the event that the Atlas Consulting Agreement was terminated without cause, or Atlas resigned with “good reason”, in either event within twelve months of a Change of Control, as of October 16, 2017, a termination payment of \$300,000 would have been payable under the Atlas Consulting Agreement.

The Corporation had an agreement with RGMI of Suite 2400, 120 Adelaide St. W., Toronto, ON M5H 1T1, to provide management services and facilities to the Corporation. RGMI is a private company. The Corporation's former President and CEO and its former CFO (Nick Tintor and Stephen Gledhill, respectively) are the founding directors of RGMI. RGMI provided the Corporation with administrative, accounting, and management services. Over the 3 fiscal years ending July 31, 2016, the Corporation and RGMI renegotiated the management agreement and the fees due thereunder. As of February 1, 2016, the management fee payable by the Corporation to RGMI was set at \$25,000 per month. During the financial years ended July 31, 2017, and 2016, the Corporation incurred management fees of \$337,500, \$81,000 and \$88,000 to RGMI. On November 30, 2017, RGMI's services were terminated with the Corporation's change of management, at which time RGMI was paid the Termination Amount.

The Corporation had an agreement with Metaform Investments Inc. of Suite 2100, 1 Adelaide St. E., Toronto, ON M5C 2V9, to provide management services and facilities to the Corporation. Metaform Investments is a private company. The Corporation's former President and CEO, Jonathan Goodman is the founding director of Metaform Investments. Metaform Investments provided the Corporation with administrative, accounting, and management services. As of September 8, 2017, the management fee payable by the Corporation to Metaform Investments was set at \$20,833 per month. During the period ending January 31, 2018, the Corporation incurred management fees of \$98,611 to Metaform Investments Inc. On January 31, 2018, Metaform Investment's services were terminated with the Corporation's change of management. No termination amounts were paid in conjunction with the termination of the Metaform agreement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

RGMI's Agreement

The agreement with RGMI, through which Mr. Tintor provided President & CEO services, and Mr. Gledhill provided CFO services to the Corporation, did not provide for termination and change of control benefits upon termination without cause or in the event of a change of control. However, as recognition of its past services to the Corporation, the Corporation agreed to issue the Termination Shares to Mr. Tintor and the Termination Amount was paid to RGMI, upon its termination.

Estimated Incremental Payment on Termination

As noted above, the Corporation and RGMI reached an agreement wherein the Corporation agreed to incremental payments in the form of the Termination Shares and the Termination Payment, totaling \$146,000.

Estimated Incremental Payment on Change of Control

There have been no incremental payments from the Corporation to Messrs. Tintor or Gledhill upon termination in connection with a change of control in accordance with the above provisions, assuming a triggering event has occurred on July 31, 2017. The Corporation has agreed to issue Mr. Tintor 200,000 shares at a deemed exercise price of \$0.23 per share by reason of his resignation.

PENSION PLAN BENEFITS

No benefits were paid, and no benefits are proposed to be paid to any of the Named Executive Officers under any pension or retirement plan.

No deferred compensation plans were paid, and no benefits are proposed to be paid to any of the Named Executive Officers under a deferred compensation plan.

COMPENSATION OF DIRECTORS

Directors are reimbursed for all reasonable travel and other expenses incurred by them in the performance of their duties and receive an annual retainer. Directors are entitled to participate in the Stock Option Plan. There were no long-term incentive awards or pension plan benefits paid to the Directors during the fiscal year ended July 31, 2018.

Director Compensation

The following table provides a summary of all annual and long-term compensation for services rendered in all capacities to the Corporation for the fiscal year ended July 31, 2018, 2017, and 2016, in respect of the individuals who were, during the fiscal year ended July 31, 2018, Directors other than the Named Executive Officers.

Name	Year Ended July 31	Fees Earned (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Jonathan Goodman ⁽²⁾	2018	6,000*	N/A	84,000	N/A	N/A	Nil	90,000
	2017	12,000	N/A	Nil	N/A	N/A	Nil	12,000
	2016	3,000	N/A	92,500	N/A	N/A	Nil	95,500
Laurence Curtis ⁽³⁾	2018	12,000	N/A	84,000	N/A	N/A	Nil	96,000
	2017	12,000	N/A	Nil	N/A	N/A	Nil	12,000
	2016	3,000	N/A	92,500	N/A	N/A	Nil	95,500
Peter Nixon ⁽⁴⁾	2018	12,000	N/A	42,000	N/A	N/A	Nil	54,000
	2017	11,250	N/A	97,500	N/A	N/A	Nil	108,750
	2016	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Carolina Vargas ⁽⁵⁾	2018	12,000	N/A	42,000	N/A	N/A	Nil	54,000
	2017	11,250	N/A	97,500	N/A	N/A	Nil	108,750
	2016	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Eberhard Scherkus ⁽⁶⁾	2018	12,000	N/A	20,680	N/A	N/A	Nil	32,680
	2017	2,667	N/A	90,000	N/A	N/A	Nil	92,667
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ The value ascribed to option grants represents non-cash consideration and has been estimated using the Black-Scholes model as at the date of grant.

⁽²⁾ Mr. Goodman joined the board of directors of the Corporation on January 29, 2016. *Mr. Jonathan Goodman was appointed the President and CEO of the Corporation on September 8, 2017 and resigned on January 31, 2018. Information regarding his compensation is contained in the Summary Compensation Table section of this Information Circular.

⁽³⁾ Mr. Laurence Curtis joined the board of directors of the Corporation on February 24, 2011.

⁽⁴⁾ Mr. Nixon joined the board of directors of the Corporation on August 24, 2016.

⁽⁵⁾ Ms. Vargas joined the board of directors of the Corporation on August 24, 2016.

⁽⁶⁾ Mr. Scherkus joined the board of directors of the Corporation on May 10, 2017.

Outstanding Share-Based Awards and Option-Based Awards

Set forth in the table below is a summary of all share-based and option-based awards held by each of the Directors other than the Named Executive Officers as of July 31, 2018.

Option-Based Awards					Share-Based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercise price (CDN\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Alain Bureau ⁽²⁾	1,000,000	0.22	31-Jan-23	Nil	Nil	Nil
Jonathan Goodman ⁽³⁾	250,000	0.38	28-Jun-21	Nil	Nil	Nil
	200,000	0.44	10-Aug-22	Nil	Nil	Nil
Laurence Curtis ⁽⁴⁾	80,000	0.50	30-Dec-18	Nil	Nil	Nil
	63,000	0.25	27-Oct-19	Nil	Nil	Nil
	250,000	0.38	28-Jun-21	Nil	Nil	Nil
	200,000	0.44	10-Aug-22	Nil	Nil	Nil
Peter Nixon ⁽⁵⁾	250,000	0.40	9-Sep-21	Nil	Nil	Nil
	100,000	0.44	10-Aug-22	Nil	Nil	Nil
Carolina Vargas ⁽⁵⁾	250,000	0.40	9-Sep-21	Nil	Nil	Nil
	100,000	0.44	10-Aug-22	Nil	Nil	Nil
Eberhard Scherkus ⁽⁶⁾	250,000	0.38	17-May-22	Nil	Nil	Nil
	100,000	0.22	5-Dec-22	Nil	Nil	Nil

⁽¹⁾ The market value of the Corporation's Common Shares was \$0.08 based on the closing market price of the Common Shares on the TSXV on December 21, 2018.

⁽²⁾ Mr. Bureau joined the board of directors of the Corporation on January 31, 2018.

⁽³⁾ Mr. Goodman joined the board of directors of the Corporation on January 29, 2016.

⁽⁴⁾ Mr. Curtis joined the board of directors of the Corporation on February 24, 2011.

⁽⁵⁾ Mr. Nixon and Ms. Vargas joined the board of directors of the Corporation on August 24, 2016.

⁽⁶⁾ Mr. Scherkus joined the board of directors of the Corporation on May 10, 2017.

Directors' Meeting Attendance

The following table discloses each board member's attendance at the Corporation's board of director meetings and committee meetings from the date of the last Information Circular until the end of the current financial year, being July 31, 2018.

	Jonathan Goodman ⁽¹⁾	Laurence Curtis ⁽¹⁾⁽⁴⁾	Peter Nixon ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾	Carolina Vargas ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾	Alain Bureau ⁽⁴⁾	Eberhard Scherkus ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁶⁾
Board of Director Meeting						
September 7, 2017	x	x	x	x	n/a	x
October 5, 2017	x	x	x	x	n/a	x
November 22, 2017	x	x	x	x	n/a	x
December 5, 2017	x	x	x	x	n/a	x
December 27, 2018	x	x	x	x	n/a	x

January 16, 2018	x	x	x	x	n/a	x
January 31, 2018	x	x	x	x	x	x
March 19, 2018	x	x	x	x	x	x
June 18, 2018	x	x	x	x	x	x
Audit Committee Meeting						
November 22, 2017	x	x	x	x	n/a	x
January 16, 2018	x	x	x	x	n/a	x
March 19, 2018	x	x	x	x	x	x
June 18, 2018	x	x	x	x	x	x

- (1) Independent director.
- (2) Member of the Corporation's Audit Committee.
- (3) Member of the Corporation's Corporate Governance and Compensation Committee.
- (4) Member of the Corporation's Environment, Health, and Safety Committee.
- (5) Ms. Vargas and Mr. Nixon joined the Corporation's board of directors on August 24, 2016.
- (6) Mr. Scherkus joined the Corporation's board of directors on May 10, 2017.

Incentive Plan Awards – Value Vested During the Year

Set forth below is a summary of the value vested during the financial years of the Corporation ended July 31, 2018, 2017, and 2016, in respect of all option-based and share-based awards and non-equity incentive plan compensation granted to the Directors other than the Named Executive Officers.

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 (\$)
Jonathan Goodman	2018 – 84,000 2017 – Nil 2016 – 92,500	84,000 N/A 92,500	N/A N/A N/A
Laurence Curtis	2018 – 84,000 2017 – Nil 2016 – 92,500	84,000 N/A 92,500	N/A N/A N/A
Peter Nixon ⁽¹⁾	2018 – 42,000 2017 – 97,500 2016 – N/A	42,000 97,500 N/A	N/A N/A N/A
Carolina Vargas ⁽¹⁾	2018 – 42,000 2017 – 97,500 2016 – N/A	42,000 97,500 N/A	N/A N/A N/A
Eberhard Scherkus ⁽²⁾	2018 – 20,680 2017 – 90,000 2016 – N/A	6,893 90,000 N/A	N/A N/A N/A

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 (\$)
Alejandra Kempff ⁽³⁾	2017 – Nil	N/A	N/A
	2016 – Nil	N/A	N/A
	2015 – Nil	N/A	N/A

⁽¹⁾ Mr. Nixon and Ms. Vargas joined the board of directors on August 24, 2016.

⁽²⁾ Mr. Scherkus joined the board of directors on May 10, 2017.

⁽³⁾ Ms. Kempff resigned from the board of directors on July 11, 2016.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Set forth below is a summary of securities issued and issuable under all equity compensation plans of the Corporation as at July 31, 2018. As at July 31, 2018, the Stock Option Plan and the Restricted Share Unit (RSU) Plan was the only equity compensation plan of the Corporation. See “Matters to Be Acted Upon - Summary of Stock Option Plan”.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Equity compensation plans approved by security holders	5,837,000	0.37	2,279,643 ⁽¹⁾
Total	5,837,000	0.37	2,279,643⁽¹⁾

⁽¹⁾ Calculated based upon 10% of the number of issued and outstanding Common Shares as at July 31, 2018 (81,166,435 common shares), less the number of Options outstanding at such date. As at the date of this Information Circular, the Corporation has 2,529,643 options available for issuance.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Directors or Officers were indebted to the Corporation as of July 31, 2018, or at any time during fiscal 2018, 2017, and 2016.

CORPORATE GOVERNANCE PRACTICES

Corporate governance refers to the way the business and affairs of a reporting issuer are managed and relates to the activities of the Board, the members of whom are elected by and are accountable to the Shareholders. Corporate governance takes into account the role of the individual members of Management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. The Board is committed to sound corporate governance practices which are both in the interest of its Shareholders and contribute to effective and efficient decision-making.

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), the Corporation has established its corporate governance practices. The Corporation’s “Statement of Corporate Governance Practices”, approved by the Directors, is attached to this Information Circular as Appendix “A”.

Board of Directors

The Board currently consists of six (6) members, as noted herein, five (5) of whom are independent pursuant to National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”). Pursuant to NI 52-110, a director is independent if the director has no direct or indirect relationship with the issuer which could, in the view of the issuer’s Board, be reasonably expected to interfere with the exercise of a member’s independent judgment. In assessing whether a Director is independent for these purposes, the circumstances of each Director have been examined in relation to a number of factors.

Five (5) of the Directors serve as a director and One (1) Non-Independent Director serve as director of another reporting issuer or issuers. Currently, the following Directors serve on the board of directors, Chair, and Chairman of other public companies as listed below.

Name of Director	Name of Other Reporting Issuers
Jonathan Goodman	Dundee Corporation Dundee Precious Metals Inc.
Laurence Curtis	Eastmain Resources Inc. Excellon Resources Inc.
Carolina Vargas	N/A
Peter Nixon	Dundee Corporation Dundee Precious Metals Inc. Midas Gold Corp. Reunion Gold Corp. Stornoway Diamonds Corporation
Eberhard Scherkus	Stornoway Diamonds Corporation
Alain Bureau	Pershimex Resources Corporation

Audit Committee

As a TSXV-listed Corporation, the Corporation is required to have an Audit Committee for the purpose of monitoring and enhancing the quality of the financial information disclosed by the Corporation. The Audit Committee’s charter (the “**Charter**”) is attached as Appendix “C” hereto.

Composition of Audit Committee

As at July 31, 2018, the Audit Committee was composed of three (3) independent Directors who meet the independence requirement set out in National Instrument 52-110 - *Audit Committees* (“NI 52-110”). The Audit Committee members were Carolina Vargas (Chair), Peter Nixon and Eberhard Scherkus. On August 17, 2016, Ms. Carolina Vargas joined the Board and was appointed Chair to the Corporation’s Audit Committee. Each of the members of the Audit Committee are “financially literate” within the meaning given to such term in the Charter and NI 52-110, and has the ability to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Relevant Education and Experience

Each member of the Audit Committee has acted as a director and/or audit committee member of a number of public issuers in the past and, as such, obtained experience in performing his responsibilities as a member of the Audit Committee. Given the scope and nature of the Corporation’s business, its financial statements and the accounting issues arising there from are relatively uncomplicated.

The Corporation’s CFO, Mr. Fazzini, is a Chartered Professional Accountant and also holds a Chartered Financial Analyst designation. Mr. Fazzini brings over thirteen (13) years of experience in audit, financial consulting and analysis, technical evaluation and advisory experience. Mr. Fazzini is currently the Chief Financial Officer of the Corporation and is also the Chief Financial Officer and VP Corporate Development of Eastmain Resources Inc.

Based on the foregoing, it is the Board of Directors’ conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used by the Corporation to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the Corporation’s financial statements.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

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

External Auditor Service Fees (by category)

The aggregate fees billed by the Corporation's external auditors in each of the last three (3) fiscal years for audit fees are as follows:

Financial Year Ending July 31,	Audit Fees (\$)	Audit Related Fees (\$)	Tax Fees ⁽¹⁾ (\$)	All Other Fees (\$)
2018	16,000	Nil	2,500	Nil

2017	30,000	Nil	2,500	Nil
2016	17,500	Nil	2,500	Nil

⁽¹⁾ Fees billed for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and/or tax planning.

Assessments

The Corporate Governance and Compensation Committee, together with the Board is responsible for ensuring that a process is in place for assessing the effectiveness of the Board and each of its committees, along with assessing the contribution of each individual Director at least on an annual basis.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, proposed Director, or any associate or affiliate of an informed person or proposed Director, has or had any material interest, direct or indirect, in any transaction since the commencement of the financial year ended July 31, 2018, or any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries.

ADDITIONAL INFORMATION

Financial information regarding the Corporation is provided in the Corporation's audited annual consolidated financial statements for the financial year ended July 31, 2018 and the accompanying management's discussion and analysis. Copies of the foregoing of the Corporation for the financial year ended July 31, 2018, may be obtained on written request addressed to the Corporate Secretary. Written requests for a copy of the above documents should be directed to Talia Shewchuk, Corporate Secretary, at 2400 - 120 Adelaide Street West, Toronto, Ontario, M5H 1T1.

Additional information concerning the Corporation is also available online at www.sedar.com.

DIRECTORS' APPROVAL OF CIRCULAR

The contents and the sending of this Information Circular to the Shareholders have been approved by the Board.

DATED at Toronto, Ontario this 21th day of December, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*Jonathan Goodman*"

Jonathan Goodman
Chairman

APPENDIX “A”

TOACHI MINING INC.

GOVERNANCE AND COMPENSATION COMMITTEE MANDATE

Toachi Mining Inc., including all its subsidiary and associated companies (referred to herein jointly as “Toachi” or the “Company”), have established and will maintain a Governance and Compensation Committee (the “Committee”) of the Company to carry out the Board’s oversight responsibility for ensuring that the strategic direction of the Company is reviewed annually and that the Board of each of its committee carry out their respective functions in accordance with an appropriate process. The Committee is responsible for assessing the effectiveness of the Board as a whole, each committee of the Board, and the contribution of each individual Director. The Committee is responsible for governance issued and for carrying out the Board’s oversight and responsibilities in regard to fairly rewarding the Company’s directors and executives through compensation and appropriate performance incentives.

- (a) The board of directors (the “Board”) shall elect annually, from among its members at the first meeting of the Board following the annual meeting of the shareholders, a committee to be known as the governance and compensation committee (“Governance and Compensation Committee”) to be composed of three Independent directors as defined by the TSX Venture Exchange, the Ontario Securities Commission or any other regulator to which the Company reports or may report in the future, or such other number not less than three as the Board may from time to time determine, a majority to be Independent. A majority of the Independent members of Governance and Compensation Committee will constitute a quorum.
- (b) The Committee shall convene a minimum of once each year, with authority to convene additional meetings, as circumstances require. At least one meeting the Committee annually shall be with the Company’s CEO; however, the Committee shall also regularly meet without management present.
- (c) Any member of the Governance and Compensation Committee may be removed or replaced at any time by the Board. Any member of the Governance and Compensation Committee ceasing to be a director shall cease to be a member of the Governance and Compensation Committee. Subject to the foregoing, each member of the Governance and Compensation Committee shall hold office as such until the next annual appointment of members after his election. Any vacancy occurring in the Governance and Compensation Committee shall be filled at the next meeting of the Board.

The responsibilities of the Governance and Compensation Committee will include reviewing and making recommendations to the Board with respect to the overall compensation strategy and policies for Directors, Officers and employees of the Company. More specifically, these will include:

1. Annually assess and make a recommendation to the Board with regard to the competitiveness and appropriateness of the compensation package of Chief Executive Officer and executives. *Timing: annually and as required.*
2. Annually review the performance goals and criteria for the CEO and evaluate the performance of the CEO against such goals and criteria and recommend to the Board the amount of regular and incentive compensation to be paid to the CEO. *Timing: annually and as required.*
3. Annually review and make a recommendation to the Board regarding the CEO’s performance evaluation of executive officers and his recommendations with respect to the amount of regular and incentive compensation to be paid to such executive officers. *Timing: annually and as required.*

4. Review and make a recommendation to the Board regarding any employment contracts or arrangements with any of the executive officers, including any retiring allowance arrangements or any similar arrangements to take effect in the event of a termination of employment. *Timing: as required.*
5. Periodically review the compensation philosophy statement of the Company and make recommendations for changes to the Board as considered appropriate. *Timing: on-going.*
6. Annually review and make recommendations to the Board regarding incentive stock options plans or any other short term incentive plans and long term incentive plans and, to the extent delegated by the Board, approve awards to eligible participants. *Timing: as required.*
7. As required, fulfill the obligations assigned to the Committee pursuant to any other employee benefit plans approved by the Board. *Timing: as required.*
8. Annually prepare or review the report on executive compensation required to be disclosed in the Company's information circular or any other compensation matter required to be publicly disclosed by the Company. *Timing: as required.*
9. Periodically, but at least every third year, review and make a recommendation to the Board regarding compensation to the Board. *Timing: at least every 3 years.*
10. As required, retain independent advice in respect of compensation matters and, if deemed appropriate by the Committee, meet separately with such advisors: *Timing: as required.*
11. Assess on an annual basis, the adequacy of this Charter.

In addition to the foregoing, the Committee shall undertake on behalf of the Board such other initiatives as may be necessary or desirable to assist the Board in discharging its responsibility to ensure that appropriate performance evaluation and compensation programs are in place and operating effectively.

APPENDIX “B”

TOACHI MINING INC.

CODE OF CONDUCT

Introduction Policy

Toachi Mining Inc. (the “**Corporation**”) is committed to fair dealing and integrity in the conduct of its business. This commitment is based on a fundamental belief that business should be conducted honestly, fairly and in compliance with both the spirit and the letter of applicable laws. The Corporation expects all its Advisors, members of its Board of Directors, and all its Employees to share its commitment to high standards.

This Policy outlines the Corporation’s Code of Business conduct (the “**Code**”) which applies to all Employees, Advisors, and members of the Board of Directors. For purposes of this Code, “Employee” means any person holding a full-time, part-time or contracted salaried or paid position with the Corporation or a person who is receiving other forms of compensation for time and or services.

The Code is in place to ensure that everyone at the Corporation is working with the sole purpose of doing what is best for our shareholders with no real or perceived conflict of interest. In the exploration and development business, there are no higher ethical values than truth, honesty and professionalism.

This Code also covers all matters related to any potential conflict that could result from knowledge of insider information and the confidentiality that is implicit within the release of insider information other than through recognized public vehicles for disseminating information to the public. The Code also implies a “blackout” period with respect to the buying and selling of shares where insider information is a factor. The Code also covers the obligation that each employee, advisor or member of the board has to report any business practice or behaviour that is unbecoming of Toachi Mining Inc.

Our reputation is our most important asset and it has taken many years to build that. As such, we cannot allow our reputation and hence the livelihood of everyone working at the Corporation to be put at risk by actions of any one individual. The Code is designed to inform you about the Corporation’s principles and values and what the Corporation considers appropriate business practice and behaviour.

Compliance with this Code by Advisors, members of the Board of Directors, Officers and all Employees of the Corporation is mandatory and is one of the conditions of employment, association and membership to the Corporation’s Board of Directors.

Understanding the Code

Please study the Code carefully so that you understand the expectations and obligations inherent in the Corporation’s commitment to conducting business ethically.

Each person should apply the Code using common sense and with the intention of complying fully with both the written words and the spirit underlying those word.

If a person is in doubt about the application of the Code, the person should discuss the matter with the Chief Executive Officer or with the Chief Financial Officer in a timely manner.

Monitoring Procedures

If a person becomes aware of, or suspects, a contravention of the Code, the person must promptly and confidentially advise the Corporation. The matter will be investigated and dealt with.

Each year, every Employee and members of the Board of Directors will be asked to review the Code and will be reminded of their responsibility to advise the Corporation if they are not in compliance with the Code or if they are aware of any contravention of the Code.

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL POLICY

The Corporation is a junior precious and base metals explorer and its exploration objective is the discovery and development of mineral resources that can be mined profitably. The Corporation works to minimize the social and environmental impact in all its exploration activities and puts the health and safety of its employees first and foremost.

The Corporation interacts well and effectively with the host and local communities to ensure that its work does not compromise local community values. The Corporation is committed to its policy on Environment, Health and Safety (“**EHS**”) issues and it undertakes to:

Comply with EHS regulatory requirements in Canada and in the countries in which the Corporation operates;

Provide information on EHS to locally hired personnel;

Develop and use EHS practices that are efficient and apply these in all its exploration activities;

Require contractors to comply with applicable legislation and local regulatory requirements;

Reclaim exploration and mining sites in compliance with applicable regulations and site specific requirements in the countries in which the Corporation is operating;

Such EHS practices will be reviewed from time to time to take into account technical and economic developments.

APPENDIX “C”

TOACHI MINING INC.

AUDIT COMMITTEE CHARTER

Purpose

To assist the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Corporation’s process for monitoring compliance with laws and regulations and the code of conduct.

Authority

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing and non-audit services.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it requires from employees - all of whom are directed to cooperate with the committee’s requests or external parties.
- Meet with the Corporation’s officers, external auditors, or outside counsel, as necessary.

Composition

The audit committee will consist of at least three and no more than six members of the board of directors. The board or its nominating committee will appoint committee members and the committee chair.

Each committee member will be both independent and financially literate. At least one member shall be designated as the “financial expert,” as defined by applicable legislation and regulation.

Meetings

The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

Responsibilities

The committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.

- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

Internal Control

- Consider the effectiveness of the Corporation's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- Review with management and the chief audit executive the charter, plans, activities, staffing, and organizational structure of the internal audit function.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit executive.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.
- On a regular basis, meet separately with the chief audit executive to discuss any matters that the committee or internal audit believes should be discussed privately.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Corporation, including non-audit services, and discussing the relationships with the auditors.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the Code of Conduct to Corporation personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and corporate legal counsel regarding compliance matters.
- Reporting Responsibilities
- Regularly report to the board of directors about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and the board of directors.
- Report annually to the shareholders, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- Review any other reports the corporate issues that relate to committee responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the board of directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance on a regular basis.

