



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
AND  
MANAGEMENT INFORMATION CIRCULAR**

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**ANNUAL GENERAL MEETING TO BE HELD**

**JUNE 20, 2018**

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**May 16, 2018**

**[www.prosperosilver.com](http://www.prosperosilver.com)**

**PROSPERO SILVER CORP.**  
1800 – 510 West Georgia Street  
Vancouver, B.C., V6B 0M3

## **INFORMATION CIRCULAR**

(as at May 16, 2018, unless indicated otherwise)

### **SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of Prospero Silver Corp. (the “**Company**”) for use at the Annual General Meeting of Shareholders of the Company to be held on June 20, 2018 (the “**Meeting**”) at 10:00 a.m. (Pacific Time) at the offices of Norton Rose Fulbright Canada LLP, 1800 – 510 West Georgia Street, Vancouver, British Columbia. Any adjournment thereof at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of the Company. All costs of solicitation will be borne by the Company.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The individuals named in the accompanying form of proxy are directors and/or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES OR BY COMPLETING ANOTHER FORM OF PROXY.** To be valid, a proxy must be in writing and executed by the shareholder or its attorney authorized in writing, unless the shareholder chooses to complete the proxy by telephone or the internet as described in the enclosed proxy form. Completed proxies must be received by the Company’s registrar and transfer agent Computershare Trust Company of Canada (“**Computershare**”), Attention Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, or delivered to the Chairman of the Meeting prior to the commencement of the Meeting or an adjourned meeting.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, 1800 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **INFORMATION FOR BENEFICIAL HOLDERS OF SHARES**

The shares owned by some shareholders of the Company are not registered on the records of the Company in the shareholders’ own names, but in the name of a securities dealer, bank or other intermediary, or in the name of a clearing agency (referred to in this Information Circular as an “intermediary” or “intermediaries”). Shareholders who do not hold their shares in their own names (referred to in this Information Circular as “beneficial holders”) should note that only registered shareholders may vote at the Meeting. A beneficial holder cannot be recognized at the Meeting for the purpose of voting his shares unless he is appointed by the intermediary as a proxyholder.

Applicable regulatory policy requires intermediaries to seek voting instructions from beneficial shareholders. Every intermediary has its own procedures to seek those instructions. Beneficial shareholders should follow those procedures carefully to ensure that their shares are voted at the Meeting.

The majority of brokers in Canada have delegated authority for obtaining instructions from clients to Broadridge Investor Communication Solutions, Canada (“**Broadridge**”). Broadridge typically applies a special sticker to the proxy forms, or alternatively, prepares a separate “voting instruction” form, mails those forms to beneficial holders, and asks beneficial holders to return the proxy or voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions for voting at the Meeting. A beneficial holder who receives a proxy bearing a Broadridge sticker or a voting instruction form cannot deposit that proxy or form on the Meeting date to vote common shares at the Meeting. The proxy or form must be returned to Broadridge in advance of the Meeting in order to allow the shares to be voted by the named proxyholder at the Meeting.

In addition to those procedures, recent amendments to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) allow a non-objecting beneficial holder (“**NOBO**”) to submit to the Company or an applicable intermediary any document in writing that requests that such NOBO or its nominee be appointed as the NOBO’s proxyholder. If such a request is received, the Company or the intermediary, as applicable, must arrange, without expense to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Information Circular, provided that the Company or the intermediary receives such written instructions at least one business day prior to the time at which proxies are to be submitted for use at the Meeting; accordingly, any such request must be received by 10:00 a.m. (Pacific time) on June 18, 2018.

An objecting beneficial owner (“**OBO**”) is a beneficial holder who has provided instructions to an intermediary holding common shares in an account on behalf of the OBO that the OBO objects to the intermediary disclosing the OBO’s name, address and share ownership information to the Company to allow the Company to send shareholder materials to the OBO. The Company will not pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and an OBO will not receive those materials unless the OBO’s intermediary assumes the cost of delivery.

**IF YOU ARE A BENEFICIAL SHAREHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT WELL IN ADVANCE OF THE MEETING TO DETERMINE HOW YOU CAN DO SO.**

#### **EXERCISE OF DISCRETION**

Shares represented by proxy are entitled to be voted on a show of hands or any poll and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the shares will be voted or withheld from voting in accordance with the specification so made.

#### **SUCH SHARES WILL BE VOTED FOR EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED BY THE SHAREHOLDER.**

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

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Company has 35,999,404 issued and outstanding is fully paid and non-assessable common shares, each share carrying the right to one vote. **THE COMPANY HAS NO OTHER CLASSES OF VOTING SECURITIES.**

Any shareholder of record at the close of business on May 16, 2018 who either personally attends the Meeting or who has completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have his shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, the only person(s) or companies who beneficially own, or control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company are:

Name	No. of Shares	Percentage
William Murray	4,639,670 <sup>(1)(2)</sup>	12.88%
Fortuna Silver Mines Inc.	5,357,142 <sup>(3)</sup>	14.88%

- (1) Group 4 Ventures Ltd., a company controlled by Mr. Murray, is the registered holder of 547,666 of these common shares. Optimum Project Services Ltd., a company controlled by Mr. Murray, is the registered holder of 1,513,000 of these common shares. The remaining 2,579,004 common shares are held in Mr. Murray's name directly.
- (2) Mr. Murray also holds incentive stock options to acquire up to 400,000 additional shares at an exercise price of \$0.26 per share.
- (3) Fortuna Silver Mines Inc. also holds 5,357,142 share purchase warrants of the Company exercisable to acquire up to 5,357,142 additional shares at a price of \$0.35 per share.

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE VOTED ON

Other than as set forth herein, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company since the commencement of the Company's last completed financial year, or of any proposed nominee for election as a director of the Company, or of any associate or affiliate of any of such persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

## MATTERS TO BE VOTED ON AT THE MEETING

### Set the Number of Directors at Six

The current Articles of the Company currently provide that the Board of Directors must consist of the greater of three and the most recently set of (1) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and (2) the number of directors set under Article 14.4 *Places of Retiring Directors not Filled*. The Board of Directors has considered issues relating to its size and determined that the Board of Directors should be increased from five directors to six directors.

Shareholders will be asked at the meeting to consider and, if deemed advisable, to approve the following ordinary resolution (the "**Ordinary Resolution**") to increase the number of directors to six:

“RESOLVED as an ordinary resolution, pursuant to the Articles of Prospero Silver Corp. (the “**Company**”), that the number of directors of the Company be set at six.”

The Board recommends that shareholders vote FOR the Ordinary Resolution to approve the increase of the number of directors to six. The nominee directors named in the accompanying form of proxy will vote the shares represented thereby FOR the Ordinary Resolution, unless the shareholder has given contrary instructions in such form of proxy.

If shareholders approve the Ordinary Resolution, shareholders will then be asked to elect six directors. Please see the biographical and other information of the director nominees below under “**Election of Directors**”. If the Ordinary Resolution is not approved at the meeting, shareholders will be asked to re-elect the five current directors only as described below.

### **Election of Directors**

The Board of Directors presently consists of five directors and it is intended to elect six directors for the ensuing year. The term of office of each of the present directors expires at the Meeting, and management intends to nominate all incumbent directors for re-election at the Meeting.

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

Pursuant to Section 224 of the Act, the Company is required to have an Audit Committee. In addition to its Audit Committee the Company has a Disclosure Committee. The members of these committees are indicated below.

The following table sets out the names of the nominees for election as directors, the province or state and the country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company, and the number of common shares of the Company or any of its subsidiaries beneficially owned by each, or controlled or directed, directly or indirectly, as at the date hereof.

<b>Name, Position, Province/State and Country of Residence</b> <sup>(1)(2)</sup>	<b>Principal Occupation or Employment</b> <sup>(1)</sup>	<b>Period as a Director of the Company</b>	<b>No. of Shares</b> <sup>(1)</sup>
Tawn Dewey Albinson Fatigant <sup>(3)(4)</sup> Colonia Condesa, Distrito Federal Mexico  President, Chief Executive Officer and Director	President and Chief Executive Officer 2008 to present	Since March 31, 2008	486,400 <sup>(5)</sup>
William Murray <sup>(3)(4)</sup> British Columbia, Canada  Chairman and Director	Chairman, 2008 to present	Since March 31, 2008	4,639,670 <sup>(7)</sup>

Name, Position, Province/State and Country of Residence <sup>(1)(2)</sup>	Principal Occupation or Employment <sup>(1)</sup>	Period as a Director of the Company	No. of Shares <sup>(1)</sup>
Murray John Oliver <sup>(3)</sup> British Columbia, Canada Director	Business Consultant, MJO Equities Inc., 1992 to present.	Since June 9, 2008	182,000 <sup>(6)</sup>
Grant Bosworth <sup>(3)</sup> British Columbia, Canada Director	Independent Business Consultant, 2010 to present	Since June 27, 2011	316,400
John E. Watson <sup>(4)</sup> Colorado, United States Director	President, Chief Executive Officer and Director of NV Gold Corporation, 2009 to present and Manager/ Member of Watson & Associates, LLC (property management company)	Since May 10, 2010	345,000
Jocelyn Bennett Geneva, Switzerland Director Nominee	Financial Advisor, 1998 to present and Director of Bestra Gold Inc. and Search Minerals Inc.	Nominee	Nil

(1) The information as to province/state and country of residence, principal occupation and shares beneficially owned is not within the knowledge of the management of the Company and has been furnished by the respective nominees.

(2) None of the proposed nominees for election as a director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity

(3) Member of the Audit Committee.

(4) Member of the Disclosure Committee.

(5) The Company holds 49 of the 50 issued shares of its Mexican subsidiary, Minera Fumarola S.A. de C.V. ("**Fumarola**"), the remaining 1 share of Fumarola is held by Microtermometria Y Asesoría Geológica-Minera, S.A. de C.V. under a declaration of trust in favour of the Company to comply with requirements of Mexican law.

(6) MJO Equities Inc., a company controlled by Mr. Oliver, is the registered holder of 50,000 of these common shares. The remaining 132,000 common shares are held in Mr. Oliver's name directly.

(7) Group 4 Ventures Ltd., a company controlled by Mr. Murray, is the registered holder of 547,666 of these common shares. Optimum Project Services Ltd., a company controlled by Mr. Murray, is the registered holder of 1,513,000 of these common shares. The remaining 2,579,004 common shares are held in Mr. Murray's name directly.

### *Orders & Bankruptcies*

None of the proposed nominees for election as a director of the Company:

(a) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, which order was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

- (b) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten 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 the assets of the proposed director.

#### *Penalties and Sanctions*

None of the proposed nominees for election as a director of the Company have been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **Appointment of Auditors**

Management of the Company will recommend to the Meeting the appointment of Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, as auditors of the Company. Dale Matheson Carr-Hilton Labonte LLP were first appointed auditors of the Company on August 20, 2008.

#### **Continuance of Share Option Plan**

In accordance with the Corporate Finance Policies (the “**Exchange Policies**”) of the TSX Venture Exchange (the “**Exchange**”) governing stock options, all issuers are required to adopt a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company, or of a subsidiary of the Company. The Company currently has a share option plan (the “**Plan**”) as previously approved by the directors, and as also first approved by the shareholders of the Company at the Annual and Special General Meeting held on June 5, 2009. The Plan complies with the requirements of Exchange Policy 4.4 for Tier 2 issuers. See “**Executive Compensation – Share Option Plan**” below for a description of the principal features of the Plan.

The Exchange Policies require that the Plan be approved by shareholders annually, at the Company’s Annual General Meeting. Continuation of the Plan will be subject to the approval of the shareholders of the Company and review and acceptance by the Exchange.

A copy of the Plan will be available at the Meeting for review by shareholders. In addition, upon request, shareholders may obtain a copy of the Plan from the Company prior to the Meeting. See “Additional Information” below.

### *Shareholder Approval of Share Option Plan*

Accordingly, the shareholders of the Company will be requested at the Meeting to pass an ordinary resolution in the following terms:

“RESOLVED that:

1. the Company's share option plan (the “**Plan**”), as described in the Information Circular of the Company dated May 16, 2018, be and is hereby ratified, confirmed and approved, subject to acceptance by the TSX Venture Exchange;
2. the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of common shares that is equal to 10% of the issued and outstanding capital of the Company at the time of the grant; and
3. any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in the opinion of such director or officer may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the continuation of the Plan.”

The Board of Directors has determined that the continuance of the Plan is in the best interests of the Company and its shareholders. The Board of Directors unanimously recommends that shareholders vote in favour of the resolution approving the continuance of the Plan. The persons named in the enclosed proxy intend to vote for the approval of the foregoing resolutions at the Meeting unless otherwise directed by the shareholders appointing them.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Corporate governance is the process and structure used to direct and manage the business and affairs of a Company with the objective of enhancing value for its owners. National Instrument 58-101 of the Canadian Securities Administrators – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires the Company to disclose a summary of its corporate governance protocols.

#### **Board of Directors**

As at the date hereof, the Board of Directors of the Company consists of five directors, four of whom are independent directors as defined in NI 58-101, meaning that, such director has no direct or indirect relationship with the Company which could, in the view of the Board, reasonably be expected to interfere with the exercise of his independent judgment, and is not otherwise deemed not to be independent. Applying the criteria in NI 58-101, Grant Bosworth, William Murray, Murray Oliver and John Watson are independent directors. Tawn Albinson is not considered to be independent on the basis that he is an officer of the Company.

### Other Directorships

The following directors of the Company are directors of other companies that are reporting issuers or the equivalent in Canada or elsewhere:

Director	Reporting Issuer(s)
Tawn Albinson	N/A
Grant Bosworth	N/A
William Murray	N/A
Murray Oliver	Terrace Energy Corp., and Karsten Energy Corp.
John Watson	NV Gold Corporation

### Mandates

The Board of Directors is responsible for supervising management in carrying on the business and affairs of the Company. Directors are required to act and exercise their powers with reasonable prudence in the best interests of the Company. In discharging its mandate, the Board is responsible for the oversight and review of the development of, among other things, the following matters:

- (1) the strategic planning process of the Company;
- (2) identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- (3) planning for succession of management;
- (4) the Company's policies regarding communications with its shareholders and others, and
- (5) the integrity of the internal controls and management information systems of the Company.

In carrying out its mandate, the Board relies primarily on management to provide it with regular detailed reports on the operations of the Company and its financial position. The Board reviews and assesses these reports and other information provided to it at meetings of the full Board and of its Committees. Management personnel regularly attend Board meetings to provide information and answer questions. Directors also consult from time to time with management. At least annually, the Board reviews management's report on its business and strategic plan and any changes with respect to risk management and succession planning.

The Board discharges specific responsibilities directly through its Audit Committee. The Board of Directors has adopted a written charter for the Committee (see "**Audit Committee – Audit Committee's Charter**").

### Orientation and Continuing Education

The Board does not have a formal orientation and education program for new directors. Upon joining the Board, each director is provided with an orientation program regarding the role of the Board, its committees and its directors, and the nature and operation of the Company's current and past business. They are also provided with a copy of the Audit Committee charter. The Board encourages directors to participate in continuing education opportunities in order to ensure that the directors may maintain or

enhance their skills and abilities as directors, and maintain a current and thorough understanding of the Company's business.

### **Ethical Business Conduct**

Corporate governance is the structure and process used to direct and manage the business and affairs of a company with the objective of enhancing shareholder value. The Board of Directors believes that the Company has in place corporate governance practices that are both effective and appropriate to the Company's size and business operations. Because of its size and composition, the Board does not find it necessary to have in place many formal processes in order to ensure effective corporate governance. For these reasons, the Board has not adopted a formal Code of Conduct.

The Company regards maintaining a culture of ethical business conduct and social responsibility as critically important. Management consistently strives to instill the Company's principles into the practices and actions of the Company's management and employees.

### **Nomination of Directors**

The directors of the Company have not appointed a nominating committee. Rather, the directors of the Company as a whole are responsible for identifying and recommending new candidates, having regard to the appropriate number of directors of the Company and the necessary competencies and skills of the directors as a whole and of each director individually. New nominees should have a track record in general business management, special expertise in areas of strategic interest to the Company and the ability to devote the time required.

### **Compensation**

The directors of the Company have not appointed a compensation committee.

The directors of the Company as a whole are responsible for determining the compensation to be paid to the Chief Executive Officer and directors of the Company, and for reviewing the Chief Executive Officer's recommendations respecting the compensation of consultants to the Company to ensure such compensation reflects the responsibilities and risks associated with each position.

When determining the compensation of the Chief Executive Officer, the directors of the Company as a whole consider, among other things: (i) providing fair and competitive compensation to ensure compensation appropriately reflects the responsibilities he assumes; (ii) balancing the interests of the Chief Executive Officer and the shareholders of the Company; and (iii) rewarding performance with respect to operations in general.

In order to achieve these objectives, the Board considers the following factors when determining the compensation paid to the Chief Executive Officer: (i) remuneration for services performed for the benefit of the Company; and (ii) long-term incentive in the form of stock options. When reviewing the compensation of consultants to the Company, the directors of the Company as a whole consider how individuals are critical to the growth and success of the Company.

It is not anticipated that there will be any significant changes to our compensation practices in the next financial year.

### **Other Board Committees**

The Company does not have any other standing committees other than the audit and disclosure committee.

## **Assessments**

The Board does not have an independent nominating committee. At present, a majority of the directors are independent of management. The directors of the Company as a whole periodically consider the mix of skills and experience that directors bring to the Company to assess, on an on-going basis, whether the directors of the Company have the necessary skills to perform their oversight function effectively. The Board plans to continue evaluating its own effectiveness in this manner.

## **AUDIT COMMITTEE**

### **Audit Committee's Charter**

The text of the Company's Audit Committee Charter is attached as Appendix 1 to this Information Circular.

### **Composition of the Audit Committee**

As at the date hereof, the members of the Audit Committee are Grant Bosworth, William Murray and Murray Oliver. Messrs. Bosworth, Murray and Oliver are independent directors of the Company. Each of the members of the Audit Committee is financially literate within the meaning of Section 1.5 of National Instrument 52-110 ("NI 52-110") in that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year did the Board of Directors of the Company decline to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

### **Relevant Education and Experience**

The education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member is set out below:

#### *Grant Bosworth*

Mr. Bosworth has thirty five years of experience in the areas of Minerals and Metals, Refinery/Petrochemical and Power Generation Industries. With extensive senior project management experience, he has guided the strategic positioning and growth of business units, while directing the business development function of major consulting firms.

#### *William Murray*

Mr. Murray is a Professional Engineer with over 40 years of international mining experience in operations, engineering, construction and project development. During the period of March 2003 and February 2008, Mr. Murray was President and Chief Executive Officer of PolyMet Mining Corp. where he was instrumental in developing and advancing the large-scale poly-metallic NorthMet Project located in the Minnesota Iron Range. Mr. Murray previously worked in senior management positions at Denison Mines, Anglo American Corporation and Fluor Daniel.

#### *Murray J. Oliver*

Mr. Oliver, has a B.A. in economics and over 23 years experience as a consultant providing corporate finance, restructuring and shareholder communication services to both private and public companies. Mr.

Oliver has worked with the Pemcorp Group of Companies since 1995 and has served as Vice President of Business Development since 2000. He is currently a director of Terrace Energy Corp. (TSXV:TZR) and Karsten Energy Corp. (TSXV: KAY). Mr. Oliver is also a founder of Heart Force Medical Inc, a private medical device company.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on an exemption under section 2.4, 6.1.1(4), (5) or (6), or granted under Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

As at the date of this Information Circular, the Audit Committee has specific policies and/or procedures in place for the engagement of non-audit services, as per its Audit Committee Charter.

### **External Auditor Service Fees**

#### *Audit Fees*

The aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees were \$22,000 for the fiscal year ended December 31, 2017 and \$21,000 for the fiscal year ended December 31, 2016.

#### *Audit-Related Fees*

The aggregate fees billed by the Company's external auditor in each of the last two fiscal years for additional services related to the performance of the audit or review of the Company's financial statements were \$Nil for the fiscal year ended December 31, 2017, and were \$Nil for the fiscal year ended December 31, 2016.

#### *Tax Fees*

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning were \$1,500 for the fiscal year ended December 31, 2017, and \$1,500 for the fiscal year ended December 31, 2016. These professional services relate to the preparation of the Company's Canadian Income Tax Return and related filings.

#### *All Other Fees*

During the fiscal years ended December 31, 2017 and December 31, 2016, the Company has not incurred any other fees for products or services provided by its external auditors.

### **Exemption for Venture Issuers**

As a venture issuer, the Company is exempt from the provisions of NI 52-110 that would otherwise require its audit committee to be constituted in accordance with Part 3 of NI 52-110, and the Company to provide comprehensive disclosure about the members of its audit committee.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

As a project generator start company, the Company's primary focus is applying its efforts and capital to the development of its Mexican properties. The Company's properties are early stage projects requiring a significant geological effort to understand their scope and potential.

The Company's current executive compensation program is comprised of base salary and long-term incentives in the form of stock options. The Company has no other long-term awards or incentive plans, bonus programs, or indirect compensation (benefits) and none are contemplated at this time.

The Company does not have a compensation committee, albeit two of the Company's directors, Messrs. Murray and Watson, are or have been active on the compensation committees of other companies. The Company does not retain a compensation consultant to assist the board in determining compensation. The Board of Directors of the Company assesses the compensation of its officers every six months based on the success of the Company's projects, the Company's performance in the market, individual performance of the executive and the executive's contributions to achieving the Company's objectives. Due to the Company's small size, currently the Company does not have any performance-based compensation goals that are based on share price or earnings per share.

#### *Option-Based Awards*

Stock options are granted pursuant to the Company's Share Option Plan to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. Previous grants of stock options are taken into account when considering new grants. The Board is satisfied that the current options granted to directors and officers adequately reflect the risk and responsibility involved with being an effective director or officer of the Company. Implementation of, the general administration and the number of options to be granted under the Share Option Plan are the responsibility of the Company's Board of Directors as a whole, which allows independent directors to have input into compensation decisions. See "**Share Option Plan**" below.

#### *Compensation Governance*

The directors of the Company as a whole are responsible for determining the compensation to be paid to the Chief Executive Officer and directors of the Company, and for reviewing the Chief Executive Officer's recommendations respecting the compensation of consultants to the Company to ensure such compensation reflects the responsibilities and risks associated with each position.

When determining the compensation of the Chief Executive Officer, the directors of the Company as a whole consider, among other things: (i) providing fair and competitive compensation to ensure compensation appropriately reflects the responsibilities he assumes; (ii) balancing the interests of the Chief Executive Officer and the shareholders of the Company; and (iii) rewarding performance with respect to operations in general. Currently, the Company does not use benchmarking as a methodology for compensation decisions.

In order to achieve these objectives, the Board considers the following factors when determining the compensation paid to the Chief Executive Officer: (i) remuneration for services performed for the benefit of the Company; and (ii) long-term incentive in the form of stock options. When reviewing the compensation of consultants to the Company, the directors of the Company as a whole consider how individuals are critical to the growth and success of the Company.

The Board has not specifically considered the risks associated with the Company's compensation policies and practices relating to the compensation arrangements currently in place with the Company's senior officers. These arrangements are relatively simple in structure and do not include any compensation or incentive awards tied to performance goals or short term incentives.

### Summary Compensation Table

The following table sets forth details of all compensation paid in respect of the individuals who were, at December 31, 2017, the Chief Executive Officer and the Chief Financial Officer of the Company (the "Named Executive Officers"). There were no other executive officers of the Company, or any of its subsidiaries, whose total compensation was, individually, more than \$150,000 for the financial year ended December 31, 2017.

Name and Principal Position	Year	Salary (\$)	Option-Based Awards <sup>(1)</sup> (\$)	All Other Compensation (\$)	Total Compensation (\$)
Tawn Albinson, President and CEO	2017	100,000	100,818	\$Nil	\$200,818
	2016	\$43,097	\$7,979	\$Nil	\$51,076
	2015	\$25,151	\$Nil	\$Nil	\$25,151
David Huffer CFO	2017	\$Nil	\$47,893	\$Nil	\$47,893
	2016	\$Nil	\$7,979	\$Nil	\$7,979
	2015	\$Nil	\$Nil	\$Nil	\$Nil

(1) Dollar amounts provided reflect fair value on the date of grant. The options granted in the 2015, 2016 and 2017 financial years were granted pursuant to the Company's Share Option Plan. For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of grant. The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the Company's common share price, expected dividend yield and risk free interest rate. The amounts presented in the table represent the value of the vested and unvested portion of the options issued during the applicable financial year. For accounting purposes, the fair value of the award is amortized over the applicable vesting period and recognized as a compensation expense.

The Company does not have a policy that would prohibit a Named Executive Officer or director from purchasing financial instruments, including 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, management is not aware of any Named Executive Officer or director purchasing such an instrument.

### Outstanding Option-Based Awards

The following table sets forth details of all awards outstanding for the Named Executive Officers at the end of the most recently completed financial year, including awards granted to the Named Executive Officers in prior years.

Option Based Awards				
Name	No. of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
Tawn Albinson, President and CEO	400,000	\$0.26	May 24, 2022	\$Nil
David Huffer CFO	190,000	\$0.26	May 24, 2022	\$Nil

(1) In-the-Money Options are those where the market value of the underlying securities as at the most recent financial year end exceeds the option exercise price. The option exercise price is \$0.26. The closing market price of the Company's shares as at December 31, 2017 was \$0.13.

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

The following table sets forth details of the value vested or earned by the Named Executive Officers for option-based awards for the most recently completed financial year.

Name	Option-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Tawn Albinson, President and CEO	\$58,248	\$Nil
David Huffer, CFO	\$27,668	\$Nil

### Pension Plan Benefits

The Company does not have in place any pension or retirement plan. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as an officer of the Company, in connection with or related to the retirement, termination or resignation of such person and the Company has provided no compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates.

### Termination and Change of Control Benefits

The Company has not entered into an employment contract with any of the Named Executive Officers nor does it have any arrangements with the Named Executive Officers for compensation in the event of resignation, retirement or any other termination with the Company or change in the Named Executive Officers' responsibilities following a change of control.

The Company has entered into certain management services agreements. See "Management Contracts".

## Director Compensation

### Director Compensation Table

The following table sets forth details of all amounts of compensation provided to the directors other than the Named Executive Officers (the “**Other Directors**”) for the Company’s most recently completed financial year.

Name	Fees Earned (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	All Other Compensation (\$)	Total (\$)
William Murray	\$100,000	\$100,828	\$Nil	\$Nil	\$200,828
Murray Oliver	\$6,000	\$47,893	\$Nil	\$Nil	\$53,893
John Watson	\$6,000	\$47,893	\$Nil	\$Nil	\$53,893
Grant Bosworth	\$6,000	\$47,893	\$Nil	\$Nil	\$53,893

<sup>(1)</sup> The options granted in the 2017, 2016 and 2015 financial years were granted pursuant to the Company’s Share Option Plan. For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of grant. The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the Company’s common share price, expected dividend yield and risk free interest rate. The amounts presented in the table represent the value of the vested and unvested portion of the options issued during the applicable financial year. For accounting purposes, the fair value of the award is amortized over the applicable vesting period and recognized as a compensation expense.

The Company has a director compensation policy pursuant to which it will pay each of its directors, other than the Chairman, a monthly cash fee of \$500 for his service on the Board of Directors of the Company, and will pay its Chairman a monthly cash fee of \$10,000 for serving as Chairman of the Board as well as being the Company’s principal representative in Canada.

### Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

The following table sets forth details of all awards outstanding for the Other Directors at the end of the most recently completed financial year, including awards granted to the Other Directors in prior years.

Name	Option-Based Awards			
	No. of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
William Murray	400,000	\$0.26	May 24, 2022	\$Nil
Murray Oliver	165,000 190,000	\$0.05 \$0.26	March 4, 2021 May 24, 2022	\$13,200
John Watson	190,000	\$0.26	May 24, 2022	\$Nil
Grant Bosworth	190,000	\$0.26	May 24, 2022	\$Nil

(1) In-the-Money Options are those where the market value of the underlying securities as at the most recent financial year end exceeds the option exercise price. The option exercise prices range from \$0.05 to \$0.50. The closing market price of the Company’s shares as at December 31, 2017 was \$0.13.

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

The following table sets forth details of the value vested or earned by the Other Directors for option-based awards for the most recently completed financial year.

Name	Option-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
William Murray	\$58,248	\$Nil
Murray Oliver	\$27,668	\$Nil
John Watson	\$27,668	\$Nil
Grant Bosworth	\$27,668	\$Nil

**Share Option Plan**

The Company has in place a Share Option Plan (the “**Plan**”) for the benefit of directors, officers, employees, management employees and consultants of the Company and of its subsidiaries. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine, within the limitations of the Plan. The maximum aggregate number of common shares that may be reserved for issuance under the Plan and all other share compensation arrangements of the Company is 10% of the Company’s issued and outstanding shares at the date of grant. This is a “**rolling**” plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases. The exercise price of an option issued under the Plan is determined by the directors, but may not be less than the closing market price of the Company’s shares on the day preceding the date of granting of the option less any available discount, in accordance with the policies of the TSX Venture Exchange (the “**Exchange**”). No option may be granted for a term longer than 10 years. An option may expire on such earlier date or dates as may be fixed by the Board, subject to earlier termination in the event the optionee ceases to be eligible under the Plan by reason of death, retirement or otherwise.

The Plan provides for the following restrictions: (i) no Participant may be granted an option if that option would result in the total number of stock options granted to the Participants in the previous 12 months, exceeding 5% of the issued and outstanding common shares unless the Company has obtained disinterested shareholder approval in accordance with Exchange Policies; (ii) the aggregate number of options granted to Participants conducting Investor Relations Activities (as defined in Exchange Policies) in any 12 month period must not exceed 2% of the issued and outstanding common shares, calculated at the time of grant; and, (iii) the aggregate number of options granted to any one Consultant in any 12 month period must not exceed 2% of the issued and outstanding common shares, calculated at the time of grant. In addition, Options granted to Consultants conducting Investor Relations Activities will vest over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting or such longer vesting period as the Board may determine. Vesting of Options is otherwise at the discretion of the Board.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as of the end of the Company's financial year ended December 31, 2017, all information required with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	3,160,000	\$0.25	439,940
Total	3,160,000	\$0.25	439,940

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee or any of their respective associates or affiliates or any proposed nominee for election as a director of the Company is or has been at any time since the beginning of the last completed financial year, indebted to the Company or any of its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company or any of its subsidiaries.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Information Circular, no informed person of the Company, proposed nominee for election as a director, or any associate or affiliate of the foregoing, had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Company's most recently completed financial year ended December 31, 2017 which has materially affected or would materially affect the Company or any of its subsidiaries.

## MANAGEMENT CONTRACTS

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

The Company entered into a Services Agreement with Lanthorne Advisors Ltd. of Vancouver, BC, ("**Lanthorne**"), and Ralph Rushton, of Vancouver BC, dated September 19, 2016, pursuant to which Lanthorne provides the management services of Mr. Rushton as the Executive Vice President Business Development of the Company. Mr. Rushton is not an employee of the Company. Lanthorne received \$160,000 for services provided under the Services Agreement from January 1, 2017 to December 31, 2017.

## OTHER BUSINESS

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

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at its offices located at 1800 – 510 West Georgia Street, Vancouver, B.C., V6B 0M3 or by telephone at 604-288-7813 to request copies of any documents referenced herein or to request copies of the Company's financial statements and MD&A. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

DATED this 16<sup>th</sup> day of May, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

*/s/ Tawn Albinson*

Tawn Albinson  
President and Chief Executive Officer

## APPENDIX 1 Audit Committee's Charter

### Mandate

The Audit Committee of the Company will assist the Board of Directors in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor the:

- (1) quality and integrity of the Company's financial statements and other financial information;
- (2) compliance of such statements and information with legal and regulatory requirements;
- (3) qualifications and independence of the Company's independent external auditor (the "**Auditor**");  
and
- (4) performance of the Company's internal accounting procedures and Auditor.

### Structure And Operations

The Committee will be comprised of three or more members.

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee must be persons who are not officers or employees of the Company or of any affiliate of the Company. Additional independence requirements may be imposed under Canadian National Instrument 52-110 Audit Committees (or a successor instrument) if the Company ceases to be a "**venture issuer**" as that term is defined under NI 51-110.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement.

The members of the Committee will be appointed by the Board and will serve until such member's successor is duly appointed or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

Unless the Board selects a Committee Chair, the members of the Committee will designate a Chair by the majority vote of all of the members of the Committee. The Chair will call, set the agendas for and chair all meetings of the Committee.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval will be presented to the full Committee at its next scheduled meeting.

The Committee will meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Auditor will be given reasonable notice of, and be entitled to attend and speak at, at least one meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at any other Committee meeting. On request by the Auditor, the Chair will call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum will consist of a majority of members.

The Committee is authorized to invite officers and employees of the Corporation and outsiders with relevant experience and expertise to attend or participate in its meetings and proceedings if it considers

this appropriate. In addition, the Committee will meet with the Auditor and Company management annually to review the Company's financial statements in a manner consistent with its duties set out below.

## **Duties**

The following functions are the common recurring duties of the Committee in carrying out its mandate outlined above under "**Mandate**". These duties should serve as a guide with the understanding that the Committee may fulfil additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee will also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee's mandate.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee will be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated mandate, the Committee will have all the authority of, but will remain subject to, the Board.

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee will:

### *Independence of Auditor*

- (1) Review and discuss with the Auditor any disclosed relationships or services that may affect the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company.
- (2) Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- (3) Require the Auditor to report directly to the Committee.
- (4) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

### *Performance & Completion by Auditor of its Work*

- (5) Oversee the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting).
- (6) Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-appointment by the Company's shareholders of the existing Auditor and the compensation to be paid to the Auditor.
- (7) Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the Auditor unless such non-audit services:
  - (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of fees paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided;

(b) were not recognized by the Company at the time of the engagement to be non-audit services; and

(c) are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

*Internal Financial Controls & Operations of the Company*

(8) Establish procedures for:

(a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Preparation of Financial Statements*

(9) Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

(10) Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

(11) Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

(12) Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

(13) Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:

(a) the adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.

(b) the management inquiry letter provided by the Auditor and the Company's response to that letter.

(c) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

*Public Disclosure by the Company*

(14) Review the Company's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.

(15) Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

*Manner of Carrying Out its Mandate*

(16) Consult, to the extent it deems necessary or appropriate, with the Auditor but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

(17) Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

(18) Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.

(19) Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee and to set and pay the compensation to any such advisors.

(20) Make regular reports to the Board.

(21) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

(22) Annually review the Committee's own performance.

**Limitation of Audit Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of Company management and the Auditor.