



NOTICE OF ANNUAL GENERAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

OF

**AURCANA CORPORATION**

*to be held at 11:30 a.m. on Wednesday, June 19, 2019*

*at 789 West Pender Street, 3<sup>rd</sup> floor, Vancouver, BC*



**AURCANA CORPORATION**  
850- - 789 West Pender Street  
Vancouver, BC V6C 1H2  
Phone: (604) 331-9333 Fax: (604) 633-9179

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of the shareholders of Aurcana Corporation (the “**Company**”) will be held at **789 West Pender Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia**, on **Wednesday, June 19, 2019** at the hour of 11:30 a.m. (Vancouver time), for the following purposes:

1. To receive the audited consolidated financial statements of the Company, together with the auditor’s report thereon, for the fiscal year ended December 31, 2018;
2. To set the number of directors at five;
3. To elect directors for the ensuing year;
4. To appoint MNP LLP, Chartered Professional Accountants, as the auditors of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration to be paid to the auditors; and
5. To transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

An Information Circular and Form of Proxy accompany this Notice. The Information Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice.

Registered shareholders as at the close of business on May 7, 2019 are entitled to notice of and vote at the Meeting in person or by proxy. Registered shareholders who are unable to attend the Meeting, or any adjournment(s) or postponement(s) thereof, in person, are requested to read, complete, sign and return or follow the instructions to vote on the internet the Form of Proxy accompanying this Notice in accordance with the instructions set out in the form of Proxy and in the Information Circular accompanying this Notice. Beneficial shareholders who received the form of Proxy accompanying this Notice through an intermediary must deliver the Proxy in accordance with the instructions given by such intermediary.

DATED at Vancouver, British Columbia, this 14th day of May, 2019.

BY ORDER OF THE BOARD OF AURCANA CORPORATION

*“Kevin Drover”*

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**Kevin Drover**  
President and CEO



## **AURCANA CORPORATION**

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Vancouver, BC V6C 1H2

Phone: (604) 331-9333 Fax: (604) 633-9179

### **MANAGEMENT INFORMATION CIRCULAR**

*(As at May 14, 2019, except as indicated)*

This management information circular (“**Circular**”) is furnished in connection with the solicitation of proxies by the management (“**Management**”) of Aurcana Corporation (“**Aurcana**” or the “**Company**”) for use at the annual general meeting (the “**Meeting**”) of shareholders of the Company (“**Aurcana Shareholders**”) to be held at 11:30 a.m. (Vancouver time) on Wednesday, June 19, 2019, at the place and for the purposes set forth in the notice of the Meeting (the “**Notice of Meeting**”).

#### **Management Solicitation**

The solicitation of proxies by Management will be conducted by mail and may be supplemented by telephone or other personal contact and such solicitation will be made without special compensation granted to the directors, regular officers and employees of the Company. The Company does not reimburse Aurcana Shareholders, nominees or agents for costs incurred in obtaining, from the principals of such persons, authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this Circular and related proxy materials to their customers. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Circular. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

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

#### **Appointment of Proxy**

An Aurcana Shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to TSX Trust Company by mail or hand delivery to 301 – 100 Adelaide Street West, Toronto ON M5H 4H1. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 11:30 a.m. (Vancouver time) on June 17, 2019 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement or any adjournment or postponement of the Meeting. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at his discretion, without notice.

If you are a non-registered holder of common shares of the Company (“**Aurcana Shares**”) and have received these materials through your broker, custodian, nominee or other intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker, custodian, nominee or other intermediary in accordance with the instructions provided therein.

The document appointing a proxy must be in writing and executed by the Aurcana Shareholders or his attorney authorized in writing or, if the Aurcana Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

An Aurcana Shareholder submitting a form of proxy has the right to appoint a Person (who need not be an Aurcana Shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by Aurcana. To exercise that right, the name of the Aurcana Shareholder’s appointee should be legibly printed in the blank

space provided. In addition, the Aurcana Shareholder should notify the appointee of the appointment, obtain his or her consent to act as appointee and instruct the appointee on how the Aurcana Shareholder's Aurcana Shares are to be voted.

Aurcana Shareholders who are not registered shareholders should refer to "*Notice to Beneficial Holders of Aurcana Shares*" below.

### **Revocation of Proxy**

An Aurcana Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument or act in writing executed or signed by the Aurcana Shareholder or his personal representative and deposited with TSX Trust Company by mail or hand delivery to 301 – 100 Adelaide Street West, Toronto ON M5H 4H1 or deposited with the Corporate Secretary of Aurcana before the commencement of the Meeting, or any adjournment thereof, and upon either of those deposits, the proxy will be revoked.

### **Notice to Beneficial Holders of Aurcana Shares**

The information set out in this section is of importance to many Aurcana Shareholders, as a substantial number of Aurcana Shareholders do not hold Aurcana Shares in their own name. Aurcana Shareholders who do not hold their Aurcana Shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by Aurcana Shareholders whose names appear on the records of Aurcana as the registered holders of shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If Aurcana Shares are listed in an account statement provided to an Aurcana Shareholder by a broker, then in almost all cases those Aurcana Shares will not be registered in the Aurcana Shareholder's name in the records of Aurcana. Those Aurcana Shares will most likely be registered under the name of the Aurcana Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Aurcana Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined herein), Aurcana does not know for whose benefit the Aurcana Shares registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders under applicable securities regulations for purposes of dissemination to Beneficial Shareholders of proxy-related materials and other security holder materials and requests for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("**NOBOs**") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to Aurcana, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Canadian Securities Laws restrict the use of that information to matters strictly relating to the affairs of Aurcana. Objecting beneficial owners ("**OBOs**") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to Aurcana.

In accordance with the requirements of NI 54-101, Aurcana is sending the Notice of Meeting and Circular ("**Meeting Materials**"), indirectly through intermediaries to both NOBOs and OBOs. NI 54-101 allows Aurcana, in its discretion, to obtain a list of its NOBOs from intermediaries and to use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, Aurcana is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. The cost of the delivery of the Meeting Materials by intermediaries to OBOs will not be borne by Aurcana and OBOs will not receive the Meeting Materials unless their intermediary assumes the cost of the delivery. Aurcana has used a NOBO list to send the Meeting Materials directly to NOBOs whose names appear on that list.

These Meeting Materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and Aurcana or its transfer 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 Meeting Materials to you directly, Aurcana (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Applicable securities regulations require intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Aurcana Shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a voting instruction form in lieu of a form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge's dedicated voting website to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to Aurcana's transfer agent and registrar, which will tabulate the results and provide appropriate instructions respecting the voting of Aurcana Shares to be represented at the Meeting or any adjournment thereof.

### **EXERCISE OF DISCRETION BY PROXIES**

Aurcana Shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted in favour of each of the matters referred to in the Notice of Meeting. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such Aurcana Shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of Aurcana knows of no such amendments, variations or other matters.

### **NOTICE AND ACCESS**

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

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

No director or executive officer of the Company who was a director or executive officer since the beginning of the Company's last financial year, no proposed nominee of Management for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of common shares without par value. As of the record date, determined by the Board of Directors of the Company (the "**Board**") to be the close of business on May 7, 2019 (the "**Record Date**"), a total of 116,309,028 Aurcana Shares were issued and outstanding. Each Aurcana Share entitles the Aurcana Shareholder of record to one vote at the Meeting. The Company has no other classes of voting securities. Only registered Aurcana Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment(s) or postponement(s) of the Meeting.

To the knowledge of the Company's directors and executive officers, as at the Record Date, the following person or entity beneficially owns, directly or indirectly, or controls or directs Aurcana Shares carrying 10% or more of the voting rights attached to all of the Aurcana Shares

Name	Number of Voting Securities as at Record Date	Percentage as at Record Date
LRC-AUN, LP <sup>(1)</sup>	87,537,159	75.26%

(1) LRC-AUN, LP is a limited partnership formed under the laws of the Province of Ontario, which is in the principal business of investing in companies in the mining sector. David Kaplan and Elliot Rothstein, both directors of the Company, are the founding partners of Lascaux Resource Capital Partners LLC, the manager of LRC-AUN, LP.

## MATTERS TO BE ACTED UPON AT THE MEETING

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

### 1. Financial Statements

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

### 2. Set Numbers of Directors

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

**The shares represented by proxy will be voted FOR the resolution to set the number of directors for the ensuing year at five, unless the Aurcana Shareholder has specified in the form of proxy that the Aurcana Shareholder's Common Shares are to be voted against the resolution.**

### 3. Election of Directors

#### Majority Voting Policy

The Board adopted a majority voting policy pursuant to which, with respect to uncontested elections, each nominee who receives a greater number of votes "withheld" than votes "for" will tender his or her resignation to the Chair of the Compensation and Corporate Governance Committee ("**CCG Committee**") promptly following the shareholders' meeting. The CCG Committee will consider the offer of resignation and will make a recommendation to the Board on whether to accept it. In considering whether or not to accept the resignation, the CCG Committee will consider the circumstances of such vote, including, without limitation, any stated reasons why shareholders withheld votes from the election of the director, the length of service and the qualifications of the director whose resignation has been tendered, the director's contributions to the Company and the effect that such resignation may have on the Company's ability to comply with corporate governance guidelines and applicable laws and make whatever recommendation the CCG Committee deems appropriate. The CCG Committee will be expected to accept the resignation except in situations where the considerations would warrant the applicable director continuing to serve on the Board. The Board will make its final decision and announce it in a press release within 90 days following the Meeting. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board or the CCG Committee at which the resignation is considered.

The Company's current Board consists of Kevin Drover, José Manuel Bórquez, David Kaplan, Michael Gross and Elliot Rothstein. Each director elected will hold office until the next annual general meeting or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the articles of the Company or unless he becomes disqualified to act as director.

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

Management of the Company proposes to nominate the following five persons as further described in the table below, for election by the Aurcana Shareholders as directors of the Company to hold office until the next annual meeting. Information concerning such persons, as furnished by the individual nominees, as at Record Date, is as follows:

Name, Jurisdiction of Residence and Position With the Company	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years	Served as a Director Continuously Since	Number of Common Shares beneficially owned or directly or indirectly controlled <sup>(1)</sup>
<b>Kevin Drover</b> <sup>(4) (5)</sup> <i>President, Chief Executive Officer and Director</i> British Columbia, Canada	Executive in the mining industry with more than 45 years of both international and domestic experience in all facets of the mining industry.	Nov. 18, 2013	333,006
<b>José Manuel Bórquez</b> <sup>(3) (5)</sup> <i>Independent Director</i> Santiago, Chile	International Natural Resources lawyer, member of Chilean Bar and Partner, LatinLawFirm, Santiago, Chile. He has extensive knowledge of the mining industry at the global level, having worked as in-house lawyer for companies such as Placer Dome (now part of Barrick) and MIM Holdings (now part of Glencore Xstrata) and many other companies for 30 years. Mr. Borquez is a graduate of the Law School, Universidad de Chile and was a Fellow in Foreign Service at the Edmund A. Walsh School of Georgetown University and the Georgetown Law Center.	Jul. 17, 2014	Nil
<b>David Kaplan</b> <sup>(3) (4)</sup> <i>Director</i> Connecticut, United States	Mr. Kaplan is a founding partner of Lascaux Resource Capital, a private equity fund focused solely on financing mining companies. He has over 25 years of experience investing in the metals and mining sector spanning small and large capitalization public mining companies, private equity and structured financing, metals futures trading, and physical metals trading. He started his career with Glencore where he culminated his 11 years as head of the global copper raw materials division in Zug, Switzerland. Mr. Kaplan holds a BS in Economics from the Wharton School at the University of Pennsylvania.	Dec. 27, 2018	87,537,159 <sup>(2)</sup>

Name, Jurisdiction of Residence and Position With the Company	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years	Served as a Director Continuously Since	Number of Common Shares beneficially owned or directly or indirectly controlled <sup>(1)</sup>
<b>Michael Gross</b> <sup>(3) (5)</sup> <i>Independent Director</i> British Columbia, Canada	Mr. Gross has over 45 years of experience as a successful mining / operations / exploration professional with expertise that is built on a foundation of operational and management training combined with extensive hands-on experience. He has served in senior operating and geology roles over his long career, including over 18 years in progressive management roles at Hecla Mining Company. Mr. Gross is a “qualified person” under NI 43-101 and has a MS in Economic Geology from University of Arizona and a BS in Geology from University of Wisconsin.	Dec. 27, 2018	Nil
<b>Elliot Rothstein</b> <sup>(4) (5)</sup> <i>Director</i> Connecticut, United States	Mr. Rothstein is a founding partner of Lascaux Resource Capital, a private equity fund focused solely on financing mining companies. He has over 18 years of experience investing in the metals and mining sector spanning small and large capitalization public mining companies, private equity and structured financing, and metals futures trading. Mr. Rothstein also has over 8 years of engineering and operating management experience with Procter and Gamble. Elliot holds a BS and MS in Mechanical Engineering from Yale University.	Dec. 27, 2018	87,537,159 <sup>(2)</sup>

(1) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the record date.

(2) 87,537,159 are indirectly held by LRC-AUN, LP, which is a limited partnership formed under the laws of the Province of Ontario, and is in the principal business of investing in companies in the mining sector. David Kaplan and Elliot Rothstein, both directors of the Company, are the founding partners of Lascaux Resource Capital Partners LLC, the manager of LRC-AUN, LP.

(3) Member of Audit Committee.

(4) Member of Compensation and Corporate Governance Committee.

(5) Member of Technical, Environment, Health and Safety Committee.

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

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

- a) is, at the date of this Circular, or has been within 10 years before the date of this Circular, a director, Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”) of any company (including the Company), that:
  - (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
- b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including 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, except as set forth below; or

- c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Kevin Drover was a director of Oracle Ridge Mining LLC (“**Oracle Ridge**”), a subsidiary of Oracle Mining Corp. (“**Oracle**”), from February 2014 to March 2015. On December 23, 2015, Oracle announced that the Superior Court of Arizona had granted an application of its lender to appoint a receiver and manager over the assets, undertakings and property of Oracle Ridge following the breach by Oracle of a debt covenant in its secured convertible loan facility with Vincere Resource Holdings LLC. Investment Industry Regulatory Organization of Canada halted trading of Oracle’s common shares following the above noted default. Mr. Drover was also a director and officer of Oracle from November 12, 2013 to March 31, 2015.

Michael Gross was Chief Operating Officer of United Silver Corp. (“**United Silver**”) from January 2013 to January 2014. Pursuant to an order dated January 9, 2014, Duff & Phelps Canada Restructuring Inc. was appointed as receiver and manager of the property, assets and undertaking of United Silver as a result of a court application of United Silver’s secured creditor, HUSC, LLC. Investment Industry Regulatory Organization of Canada halted trading of United Silver’s common shares following the above noted receivership. Mr. Gross subsequently resigned as an officer of United Silver.

**Aurcana Shareholders can vote for all of the proposed nominees for directors of the Company, vote for some of the proposed nominees and withhold for others, or withhold from voting for all or any of the proposed nominees. Unless the Shareholder directs that his or her shares be otherwise voted or withheld from voting in connection with the election of directors, the persons named in the enclosed Proxy will vote FOR the election of the five nominees whose names are set forth above.**

#### **4. Appointment of Auditors**

At the Meeting, Aurcana Shareholders will be asked to vote for the appointment of MNP LLP, Chartered Professional Accountants, to serve as auditor of the Company for the ensuing year, and to authorize the directors for fix the auditor’s remuneration. MNP LLP was appointed as the Company’s auditor on October 7, 2016.

**Unless the Aurcana Shareholder directs that his or her Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of MNP LLP, to serve as auditors of the Company for the ensuing year and to authorize the Board to fix their remuneration.**

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

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

Pursuant to the *Canada Business Corporations Act* (the “**CBCA**”), proposals to be presented by Aurcana Shareholders for action at the Company’s 2020 annual general of shareholders must comply with the provisions of the CBCA and be deposited at the Company’s head office by no later than March 19, 2020 in order to be included in the information circular and form of proxy relating to such meeting.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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

### Board of Directors

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

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

Kevin Drover is considered “not independent”, as he is the President and CEO of the Company, and David Kaplan and Elliot Rothstein are considered “not independent” as they control Lascaux Resource Capital Partners LLC, the manager of LRC-AUN, LP, which holds approximately 75.26% of outstanding Aurcana Shares. Each of the remaining nominated directors are considered by the Board to be "independent", within the meaning of NI 52-110. In making the foregoing determinations, the circumstances of each director have been examined by the Board in relation to a number of factors.

The Board facilitates its exercise of independent supervision over management through the independent directors on the Board. The independent directors may hold meetings at which non-independent directors and members of management are not in attendance in conjunction with meetings of the Board.

The following chart illustrates the number of meetings of the Board and each committee, and the director’s attendance during fiscal 2018, with each director’s attendance shown relative to the number of meetings in which he was eligible to participate in:

Director	Board Meeting	Committees		
		Audit	Compensation and Corporate Governance	Technical, Environment, Health and Safety
Kevin Drover	6 / 6	N/A	0 / 0	0 / 0
José Manuel Bórquez	6 / 6	4 / 4	N/A	0 / 0
David Kaplan	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	N/A
Michael Gross	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	N/A	N/A <sup>(1)</sup>
Elliot Rothstein	N/A <sup>(1)</sup>	N/A	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>

*(1) David Kaplan, Michael Gross and Elliot Rothstein were appointed to the Board of Directors as of December 27, 2019.*

### Mandate of the Board of Directors

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

### Directorships

The current directors are directors of other reporting issuers as follows:

Name of Director	Name of Other Reporting Issuer
Kevin Drover	Aquila Resources Inc.
José Manuel Bórquez	N/A
David Kaplan	N/A
Michael Gross	N/A
Elliot Rothstein	N/A

### 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 package 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, Compensation and Corporate Governance Committee Charter and Code of Business Conduct. 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 corporation with the objective of enhancing shareholder value. The Board believes that the Company has in place corporate governance practices that are both effective and appropriate to the Company's size and business operations.

To facilitate meeting this responsibility, the Board seeks to foster and maintain 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 Management and the Company's employees.

In that regard, the Board adopted a written Code of Business Conduct (the "Code") for its directors, officers, employees and consultants that is reviewed and signed annually. A copy of the Code can be found on the Company's website at [www.aurcana.com](http://www.aurcana.com) and has been posted on SEDAR at [www.sedar.com](http://www.sedar.com).

### Nomination of Directors

The Board considers its size from time to time and annually when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Board does not have a nominating committee; these functions are currently performed by the CCG Committee. Additionally, each member of the Board, together with the assistance of executive management, assists with identifying new candidates through various means, including representatives of the mineral exploration industry.

New nominees are expected to 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.

If the Board determines that a candidate seems promising, the Board will conduct due diligence on the candidate and if the results are satisfactory, the candidate is interviewed and may be invited to join the Board.

### Compensation

The Board has established the CCG Committee, presently comprised of Elliot Rothstein, Chair, Kevin Drover and David Kaplan. The CCG Committee recommends to the Board the compensation of the Company's directors and officers, including stock options, among other things, and has adopted a CCG Committee charter. See "*Statement of Executive Compensation*" for further details.

The Board is of the view that the members of the CCG Committee collectively have the knowledge, skills, experience and background to make decisions on the suitability of the Company's compensation policies and practices. A description of

such skills and experience for Mr. Bórquez and Mr. Kaplan is set out in this Circular under the heading “*Audit Committee-Relevant Education and Experience*” and such skills and experience for Mr. Rothstein are set out below.

**Elliot Rothstein** is a founding partner of Lascaux Resource Capital, a private equity fund focused solely on financing mining companies. He has over 18 years of experience investing in the metals and mining sector spanning small and large capitalization public mining companies, private equity and structured financing, and metals futures trading. Mr. Rothstein also has over 8 years of engineering and operating management experience with Procter and Gamble. Elliot holds a BS and MS in Mechanical Engineering from Yale University.

### **Other Board Committees**

#### *Technical, Environmental, Health and Safety Committee*

The Company is committed to maintain sound environmental practices in all of its activities and to continuously improve the efficient use of resources, processes and materials. The Technical, Environmental, Health and Safety Committee is responsible to ensure that the Company’s operations implement operational and risk management practices that provide for maximum protection of people and the environment. As of the date of this Circular, the Technical, Environmental, Health and Safety Committee is comprised of Michael Gross, Chair, José Manuel Bórquez, Kevin Drover and Elliot Rothstein.

Other than the Audit Committee the CCG Committee and Technical, Environmental, Health and Safety Committee, the Company does not have any other committees.

#### *Compensation and Corporate Governance Committee*

The CCG Committee is also responsible for reviewing and assessing the effectiveness of the Board; making recommendations regarding the composition and the appropriate size of the Board; reviewing the corporate governance policies and practices of the Company generally and making recommendations thereon to the Board, including overseeing and making recommendations to the Board on developing the approach of the Company to corporate governance issues and practices and formulating the response of the Company to the corporate governance guidelines and disclosure requirements. See “*Statement of Corporate Governance Practices – Compensation*” and “*Statement of Executive Compensation – Compensation Discussion and Analysis*” for further details.

### **Assessments**

The CCG Committee is also responsible for reviewing and assessing the effectiveness of the Board; making recommendations regarding the composition and the appropriate size of the Board; reviewing the corporate governance policies and practices of the Company generally and making recommendations thereon to the Board, including overseeing and making recommendations to the Board on developing the approach of the Company to corporate governance issues and practices and formulating the response of the Company to the corporate governance guidelines and disclosure requirements.

## **AUDIT COMMITTEE**

NI 52-110 requires the Company's Audit Committee to meet certain requirements. It also requires the Company to disclose in this Circular certain information regarding the Audit Committee as described herein.

### Overview

The overall purpose of the Audit Committee of the Company is to ensure that management has designed and implemented an effective system of internal financial controls, to review and report on integrity of the consolidated financial statements of the Company and to review the Company’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

### Audit Committee Charter

The Board adopted a Charter for the Audit Committee, which sets out the Committee's mandate, organization, powers and responsibilities. The complete charter is attached as Schedule “A” to this Circular.

### Composition of the Audit Committee

The Company's Audit Committee is currently comprised of José Manuel Bórquez, Chairman, David Kaplan and Michael Gross. Each member of the Audit Committee is financially literate, as such term is defined in NI 52-110. All members of the Audit Committee are independent as such term is defined in NI 52-110.

### Relevant Education and Experience

**José Manuel Bórquez** is a mining attorney who has worked in the natural resources sector for 25 years with a particular emphasis on Latin America, based out of Santiago, Chile. He has worked for Placer Dome, Xstrata, Codelco, among other companies, either in-house or as a consultant. His experience has been across the broad spectrum of the precious and base metals sectors from exploration to reclamation. Mr. Bórquez is a graduate of the Law School, Universidad de Chile and was a Fellow in Foreign Service at the Edmund A. Walsh School of Georgetown University and the Georgetown Law Center.

**David Kaplan** is a founding partner of Lascaux Resource Capital, a private equity fund focused solely on financing mining companies. He has over 25 years of experience investing in the metals and mining sector spanning small and large capitalization public mining companies, private equity and structured financing, metals futures trading, and physical metals trading. He started his career with Glencore where he culminated his 11 years as head of the global copper raw materials division in Zug, Switzerland. Mr. Kaplan holds a BS in Economics from the Wharton School at the University of Pennsylvania.

**Michael Gross** has over 45 years of experience as a successful mining / operations / exploration professional with expertise that is built on a foundation of operational and management training combined with extensive hands-on experience. He has served in senior operating and geology roles over his long career, including over 18 years in progressive management roles at Hecla Mining Company. Mr. Gross is a "qualified person" under NI 43-101 and has a MS in Economic Geology from University of Arizona and a BS in Geology from University of Wisconsin.

As a result of their respective business experience, each member of the Audit Committee (i) has an understanding of the accounting principles used by the Company to prepare its financial statements, (ii) has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions, (iii) has experience in analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the Company's financial statements, and (iv) has an understanding of internal controls and procedures for financial reporting.

### Audit Committee Oversight

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

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), the exemptions in Subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), Subsection 6.1.1(5) (Events Outside Control of Member), Subsection 6.1.1(6) (Death, Incapacity or Resignation) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

### Pre-Approval Policies and Procedures

As at the date of this Circular, the Audit Committee has not adopted any specific policies or procedures for the engagement for non-audit services.

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

The aggregate fees billed by the Company's external auditors from the last two fiscal years are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees <sup>(1)</sup>	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>
December 31, 2018	\$70,000	\$20,000	\$20,000	\$Nil
December 31, 2017	\$30,500	\$Nil	\$15,000	\$Nil

(1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".

(2) Fees charged for tax compliance, tax advice and tax planning services.

(3) These fees relate to reviewing and commenting on the quarterly interim unaudited financial statements.

### Exemption for Venture Issuers

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

### STATEMENT OF EXECUTIVE COMPENSATION

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

#### Named Executive Officers

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

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

For the financial year ended December 31, 2018, the Company had three NEOs being Kevin Drover, President and CEO, Salvador Huerta, CFO, and Kevin Francis, VP - Project Development.

#### Compensation Discussion and Analysis

The CCG Committee, on behalf of the Board, establishes and administers policies with respect to the compensation of the Company's CEO and executive officers ("**Executive Officers**"). The CCG Committee is responsible to review and approve the corporate goals and objectives relevant to the compensation of the CEO and for evaluating the performance of the CEO in light of these goals and objectives. The CCG Committee recommends to the Board the compensation for the CEO based on such evaluations. The CCG Committee reviews annually the objectives set by the CEO for Executive Officers and with the assistance of the CEO, monitors the performance of the Company's Executive Officers. The CCG Committee is also responsible for making recommendations to the Board with respect to incentive stock options.

#### *Objectives of the Compensation Program*

The primary objective of the Company's executive compensation program is to attract, motivate and retain top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Company's Executive Officers is determined with regard to the Company's business strategy and objectives, such that the financial interests of the Executive Officers are matched with the financial interests of the Shareholders.

### *Elements of Compensation*

A combination of fixed and variable compensation is used to motivate executives to achieve overall company goals.

The three basic components of the executive compensation program are:

- Base salary: designed to provide income certainty and to attract and retain executives;
- Annual bonus: intended to reward each Executive Officer for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. The bonus is designed to motivate executives annually to achieve their predetermined objectives; and
- Stock options: Granted time to time as a form of long-term incentive compensation, to align executives' interests with those of the Shareholders and to attract and retain executives. Participants benefit only if the market value of the Company's Common Shares at the time of the stock option exercise is greater than the exercise price of the stock options at the time of grant.

The compensation program also includes severance and change of control benefits.

### *Benchmarking*

In establishing salaries and incentive compensation for the Executive Officers consideration is given to salary ranges for comparable positions in similar size companies. Data for such comparisons is obtained from the evaluation of compensation against industry peers including those with a similar market capitalization, in the business of exploring similar minerals in similar jurisdictions, and from reviewing similar other companies' compensation information included in their information circulars.

In setting salaries within competitive ranges, the CCG Committee considers performance related factors including the Company's overall results during the past year and its performance relative to a budgeted plan or stated objectives. Consideration also is given to an individual's contribution to the Company and the accomplishments of departments for which that officer has management responsibility, and the potential for future contributions to the Company.

The Company has implemented a health plan benefits for its employees ("**Benefits Plan**") but does not have pension plan benefits or retirement benefits. Those Executive Officers retained under consulting agreements are not included in the Benefits Plan. There were no identified risks arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company. The Company maintains an insurance policy for its directors and officers against liability incurred by them while performing their duties, subject to certain limitations.

### *Company and CEO Objectives*

The Company's corporate objectives and CEO objectives for fiscal 2018 consisted of: (1) completion of an equity raise and financing to recapitalize the Company; (2) develop an in-house mining plan to reduce all-in costs and provide sufficient margin to warrant the potential to restart the Shafter Project; (3) complete the combination of Aurcana and Ouray Silver Mines; (4) ensure Company policies related to safety, environment and human resources are successfully executed.

Although the above objectives were achieved no discretionary bonuses were paid to senior management.

### *Risk of Compensation Practices and Disclosure*

Although the Company does not have formal policies specifically targeting risk-taking in a compensation context, the practice of the CCG Committee and the Board is to consider all factors relating to an executive officer's performance, including any risk mitigation efforts or excessive risk-taking, in determining compensation.

### *Hedging Policy*

Under the Company's policies, NEO's and directors are not permitted to purchase financial instruments (including prepaid variable contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by the NEO or director.

## Summary Compensation Table

The following table is a summary of compensation paid to the NEOs for the Company's three financial years ended December 31, 2018, 2017 and 2016:

Name and Principal Position	Year Dec 31	Salary (\$) <sup>(1)</sup>	Share Based Awards (\$) <sup>(c)</sup>	Option Based Awards (\$)	Non-equity incentive plan compensation		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Kevin Drover President and CEO	2018	360,000	Nil	Nil	Nil	Nil	Nil	Nil	360,000
	2017	360,000	68,970	Nil	Nil	Nil	Nil	Nil	428,970
	2016	360,000	205,146	Nil	Nil	Nil	Nil	Nil	565,146
Salvador Huerta CFO	2018	<sup>(2)</sup> 720,000	Nil	Nil	Nil	Nil	Nil	Nil	720,000
	2017	240,000	68,970	Nil	Nil	Nil	Nil	Nil	308,970
	2016	240,000	164,112	Nil	Nil	Nil	Nil	12,000	404,112
Kevin Francis VP, Project Development	2018	226,747	Nil	Nil	Nil	Nil	Nil	Nil	226,747
	2017	227,255	229,900	N/A	N/A	N/A	N/A	N/A	457,155
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) These amounts include employee salaries or consulting fees (See Employment Agreements/Termination and Change of Control Benefits for further details).

(2) Of this amount, \$480,000 is a change of control payment pursuant to the Employment Agreement between the Company and Mr. Huerta, which amount will be paid in monthly installments of \$40,000, commencing January 2019.

### Narrative Discussion

For a summary of the significant terms of each NEO's employment agreement or arrangement, please see below under the heading "Termination and Change of Control Benefits".

### Incentive Plan Awards

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

The following table discloses the particulars of all awards for each NEO outstanding at the financial year ended December 31, 2018, including awards granted to the NEO's in prior years:

Name	Option-Based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed (\$)
Kevin Drover	60,000	1.60	Apr. 27, 2022	Nil	Nil	Nil	Nil
	300,000	0.85	Mar. 2, 2021	Nil			
Salvador Huerta	60,000	1.60	Apr. 27, 2022	Nil	Nil	Nil	Nil
	240,000	0.85	March 2, 2021	Nil			
Kevin Francis	200,000	1.60	Apr. 27, 2022	Nil	Nil	Nil	Nil

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

The following table summarizes the value of each incentive plan award vested or earned by each NEO outstanding at



the financial year ended December 31, 2018:

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 (\$)
Kevin Drover	Nil	Nil	Nil
Salvador Huerta	Nil	Nil	Nil
Kevin Francis	Nil	Nil	Nil

#### *Narrative Discussion*

For a summary of the material provisions of the Company’s fixed stock option plan (the “**Option Plan**”), pursuant to which all option-based awards are granted to NEOs, please see below under the heading *Securities Authorized for Issuance under Equity Compensation Plans*. There was no re-pricing of stock options under the Option Plan during the Company’s most recently completed financial year ended December 31, 2018.

#### **Pension Plan Benefits**

The Company has no pension plans that provide for payments or benefits to any NEO at, following or in connection with retirement. The Company also does not have any deferred compensation plans relating to any NEO.

#### **Termination and Change of Control Benefits**

The Company has employment agreements or consulting agreements which include change of control provisions as described below. The change of control provisions recognize the critical nature of these positions and the individuals involved and the requirement to protect the individuals from disruption to their employment in the event of a change of control of the Company. The change of control provisions are designed to treat the individuals in a manner consistent with industry standards for executives in similar positions. The following outlines any agreement which contains a change of control provision or termination clause other than a 30 or 60 day notice of termination for the NEOs.

#### *Kevin Drover, President and CEO*

Effective July 9, 2014, the Company entered into an employment letter agreement retaining Mr. Drover as President and CEO at an annual salary of \$360,000. Mr. Drover’s employment letter agreement does not include any termination or change of control provisions.

#### *Salvador Huerta, CFO*

On February 1, 2011, the Company entered into an employment agreement with Salvador Huerta, (“**Employment Agreement**”) providing for annual compensation of \$240,000 (“**Salary**”).

Under the terms of the Employment Agreement, if the Company terminates Mr. Huerta’s engagement without cause, Mr. Huerta is entitled to receive an amount equal to two years’ Salary. If within 90 days of a change of control of the Company (“**Change of Control**”), the Employment Agreement is terminated by the Company then Mr. Huerta will receive an amount equal to two times the annual Salary as a lump sum payment to be made by the Company within 30 days of the date of Mr. Huerta’s termination. Mr. Huerta may resign within 90 days following a Change of Control, for any reason or no reason. If Mr. Huerta resigns, he will receive an amount equal to two times the annual Salary as a lump sum payment to be made by the Company within 30 days of Mr. Huerta’s resignation.

Pursuant to the terms of the Employment Agreement, as a Change of Control occurred during fiscal 2018, Mr. Huerta resigned as CFO and, accordingly, the Company has engaged Mr. Huerta as a consultant for a period of one year to provide advisory services to the Company with the intended result that Mr. Huerta’s expertise will remain available to the Company and any stock options held by Mr. Huerta will, unless otherwise exercised or terminated, continue for such one year period.

As a Change of Control of the Company had occurred prior to December 31, 2018, the total cost to the Company of related payments to the NEOs as described herein above is estimated at \$480,000. Payments to individual NEOs are as described below assuming mentioned events had occurred on December 31, 2018.

*Kevin Francis, VP-Project Development*

Effective March 13, 2017, the Company entered into an employment agreement retaining Mr. Francis as Vice President-Project Development at an annual salary of US\$175,000. Mr. Francis' employment agreement does not include any termination or change of control provisions.

Name	Amount at December 31, 2018
Kevin Drover, President and CEO	N/A
Salvador Huerta, CFO	\$480,000 <sup>(1)</sup>
Kevin Francis, VP-Project Development	N/A

(1) Pursuant to the change of control of the Company that occurred during fiscal 2018, Mr. Huerta was entitled to receive \$480,000, which amount will be paid in monthly installments of \$40,000, commencing January 2019.

### Director Compensation

Previously, the Company paid directors' fees for non-executive directors. However, commencing March 31, 2016, the Company ceased paying directors' fees in order to reduce corporate costs and conserve working capital.

### Directors Compensation Table

The following table sets forth the details of compensation provided to the directors, other than the NEOs during the Company's fiscal year ended December 31, 2018:

Name	Fees Earned (\$) <sup>(1)</sup>	Option-based Awards (\$)	All Other Compensation (\$)	Total (\$)
José Manuel Bórquez	Nil	Nil	Nil	Nil
David Kaplan <sup>(3)</sup>	Nil	Nil	Nil	Nil
Michael Gross <sup>(2)</sup>	Nil	Nil	Nil	Nil
Elliot Rothstein <sup>(2)</sup>	Nil	Nil	Nil	Nil

(1) No fees earned during 2018.

(2) David Kaplan, Michael Gross and Elliot Rothstein were appointed to the Board of Directors as of December 27, 2019.

Other than the director fees, incentive stock options and reimbursement for reasonable expenditures incurred in performing their duties as directors, the Company has no other arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Circular.

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

The following table sets for the outstanding share-based awards and option-based awards held by the directors, other than the NEO's for the financial year ended December 31, 2018:

Name	Option-Based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed (\$)
José Manuel Börquez	50,000 150,000	1.60 0.85	Apr. 27, 2022 Mar 2, 2021	Nil Nil	Nil	Nil	Nil
David Kaplan <sup>(1)</sup>	Nil	N/A	N/A	N/A	Nil	Nil	Nil
Michael Gross <sup>(1)</sup>	Nil	N/A	N/A	N/A	Nil	Nil	Nil
Elliot Rothstein <sup>(1)</sup>	Nil	N/A	N/A	N/A	Nil	Nil	Nil

(1) David Kaplan, Michael Gross and Elliot Rothstein were appointed to the Board of Directors as of December 27, 2019.

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

The following table summarizes the value of each incentive plan award vested or earned by the directors, other than the NEO's outstanding at the financial year ended December 31, 2018:

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 (\$)
José Manuel Börquez	57,475	Nil	Nil
David Kaplan <sup>(1)</sup>	N/A	Nil	Nil
Michael Gross <sup>(1)</sup>	N/A	Nil	Nil
Elliot Rothstein <sup>(1)</sup>	N/A	Nil	Nil

(1) David Kaplan, Michael Gross and Elliot Rothstein were appointed to the Board of Directors as of December 27, 2019.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance in effect as of the end of the Company's most recently completed financial year ended December 31, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,640,000	\$1.18	1,248,219
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	1,640,000	\$1.18	1,248,219

The Company's Stock Option Plan (the "Option Plan") was approved by the Directors on June 29, 2011, and the TSX Venture Exchange (the "TSX-V") on August 9, 2011, whereby the maximum aggregate number of Common Shares that was reserved for issuance under the Option Plan at that time was 4,337,350 Common Shares of the Company. Subsequently, the Company increased the number of Common Shares reserved for issuance under the Option Plan to 8,379,852 common shares. At the annual and special shareholder meeting held on June 27, 2017, the shareholders approved an increase in the number of Common Shares reserved for issuance under the Option Plan to 14,441,098 Common Shares on a pre-consolidated basis (2,888,219 Common Shares on a post-consolidated basis), representing 15%

of the issued and outstanding Common Shares of the Company at that time, which increase was approved by the TSX-V on July 20, 2017.

The Company has increased the number of Common Shares reserved for issuance under the Option Plan to 11,514,593 Common Shares, representing 9.9% of the current issued and outstanding Aurcana Shares.

#### Summary of the Option Plan

The Option Plan is administered by the Board, which has full and final authority with respect to the granting of all options thereunder subject to the requirements of the TSX-V. Options may be granted under the Option Plan to such directors, officers, employees or consultants of the Company and its affiliates (as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*), if any, as the Board may from time to time designate. However, in no case will the issuance of Common Shares upon the exercise of stock options granted under the Option Plan result in:

- (i) the number of options awarded in a one year period to any one consultant exceeding 2% of the issued shares of the Company (calculated at the time of grant);
- (ii) the aggregate number of options awarded in a one year period to eligible persons undertaking investor relations activities exceeding 2% of the issued shares of the Company (calculated at the time of grant); or
- (iii) the aggregate number of Common Shares reserved for issuance to any one individual upon the exercise of options awarded under the Option Plan or any previously established and outstanding stock option plans or grants, exceeding 5% of the issued shares of the Company (calculated at the time of grant) in a one year period.

Under the policies of the TSX-V, options granted under such a fixed plan are not required to have a vesting period, although the directors may continue to grant options with vesting periods, as the circumstances require.

If stock options expire or otherwise terminate for any reason without having been exercised, the number of Common Shares in respect of the expired or terminated stock options will again be available for the purposes of the Option Plan.

The Option Plan may be terminated by the Board at any time, but such termination will not alter the terms or conditions of any options awarded prior to the date of such termination. Any stock options outstanding when the Option Plan is terminated will remain in effect until they are exercised or expire or are otherwise terminated in accordance with the provisions of the Option Plan.

Options granted under the Option Plan will be for a term not to exceed ten years from the date of their grant. Unless the Company otherwise decides, in the event an option holder ceases to be a director, officer, consultant or employee of the Company (other than by reason of death), vested options will expire on the earlier of the option expiry date or 90 days following the date the director, officer, consultant or employee ceases to be employed or provide services to the Company. In all cases, unvested options will terminate immediately. Vested options will also expire immediately in the event the option holder's relationship with the Company is terminated for cause. In the event of the death of an option holder, vested options will expire one year after the date of death or on the option expiry date, whichever is earlier.

The price at which an option holder may purchase a Common Share upon the exercise of a stock option will not be less than the discounted market price of the Company's Common Shares as of the date of the grant of the stock option. Discounted market price means the market price less a discount to be determined by the Board, which will in any event not exceed the amount set forth under Policy 1.1 of the TSX-V's Corporate Finance Manual.

In no case will a stock option be exercisable at a price less than the minimum prescribed by each of the organized trading facilities or the applicable regulatory authorities that would apply to the award of the stock option in question.

Stock options will be non-assignable except that they will be exercisable by the personal representative of the option holder in the event of the option holder's death or incapacity.

Common shares will not be issued pursuant to stock options granted under the Option Plan until they have been fully paid for. The Company will not provide financial assistance to option holders to assist them in exercising their stock options.

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

None of the directors, executive officers, and employees, proposed nominees for election as directors or their associates is or has been at any time since the beginning of the Company's most recently completed financial year indebted to the Company or to any of its subsidiaries.

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

No director, officer or proposed nominee for election as a director and no associate or affiliate of any insider or nominee has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year, or in any proposed transaction, which in either such case has materially affected or will materially affect the Company.

## **MANAGEMENT CONTRACTS**

No management functions of the Company or any of its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or subsidiaries, except as disclosed herein, at any time since the beginning of the Company's most recently completed financial year.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also contact the Company at 850 -780 West Pender Street, Vancouver, British Columbia, V6C 1H2.

Financial information is provided in the Company's comparative financial statements and Management's Discussion & Analysis for its most recently completed financial year ended December 31, 2018, which are filed on SEDAR.

## **BOARD APPROVAL**

The Board has approved the content and distribution of this Circular.

**DATED** at Vancouver, British Columbia, this 14th day of May, 2019.

BY ORDER OF THE BOARD OF AURCANA CORPORATION

*“Kevin Drover”*

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**Kevin Drover**  
President and CEO

## AURCANA CORPORATION

### AUDIT COMMITTEE CHARTER

#### A. Mandate

The primary function of the audit committee (the "**Committee**") is to assist the Board of Directors of Aurcana Corporation (the "**Company**") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.

The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### B. Composition

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

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting or such other times as shall be determined by the Board of Directors and shall serve until the next such meeting or until their successors should be duly elected and qualified.

Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders after his or her election as a member of the Committee.

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may from time to time determine.

#### C. Meetings

Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

The Committee shall meet as many times as is necessary to carry out its responsibilities, but in no event will the

Committee meet less than four times a year. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Executive Officer and the external auditors in separate sessions to discuss any matters that the Committee or each of these parties believe should be discussed privately.

The Committee may invite to, or require the attendance at, any meeting of the Committee, such officers and employees of the Company, legal counsel or other persons as it deems necessary in order to perform its duties and responsibilities.

#### **D. Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

##### **Documents/Reports Review**

- Review and recommend for approval to the Board of Directors any revisions or updates to this Charter, at least annually, as conditions dictate.
- Satisfy itself, on behalf of the Board of Directors that the Company's unaudited quarterly financial statements and the annual audited financial statements, are fairly presented both in accordance with generally accepted accounting principles and otherwise, and recommend to the Board of Directors whether the quarterly and annual financial statements should be approved.
- Review any reports other financial information before the Company publicly discloses or submits this information to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

##### **External Auditors**

- Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- Satisfy itself, on behalf of the Board of Directors that the Auditor is "independent" of management, within the meaning given to such term in the rules and pronouncements of the applicable regulatory authorities and professional governing bodies. In furtherance of the foregoing, the Committee shall request that the Auditor at least annually provide a formal written statement delineating all relationships between the Auditor and the Company, and request information from the Auditor and management to determine the presence or absence of a conflict of interest. The Committee shall actively engage the Auditor in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditor. The Committee shall take, or recommend that the fully Board of Directors take, appropriate action to oversee the independence of the Auditor.
- Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is

waived with respect to the provision of non-audit services if:

- (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
- (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
- (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee. Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### **Financial Reporting Processes**

- In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- Review certification process.
- Review any related-party transactions

### **E. General**

Perform any other activities consistent with this Charter, the By-laws of the Company and governing law, as the Committee or the Board of Directors deem necessary or appropriate.



**F. Process for Handling Complaints Regarding Financial Matters**

The Committee shall establish a procedure for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, financial reporting, or auditing matters.

The Committee shall ensure that any procedure for receiving complaints regarding accounting, internal controls, financial reporting or auditing matters will allow the confidential and anonymous submission of concerns by employees, consultants and/or contractors.

**Effective Date**

This Charter was implemented by the Board of Directors on May 24, 2013.