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## MANAGEMENT INFORMATION CIRCULAR AS AT SEPTEMBER 4, 2019

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by management of Japan Gold Corp. for use at the annual general meeting (the “Meeting”) of shareholders of Japan Gold Corp. (the “Shareholders”) to be held on October 10, 2019 and any adjournment or postponement thereof, for the purposes set forth in the attached Notice of Annual General Meeting. Except where otherwise indicated, the information contained herein is stated as of September 4, 2019.

In this Information Circular, references to the “Company” and “we” refer to Japan Gold Corp. “Common Shares” means common shares without par value in the capital of the Company. “Registered Shareholders” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “Non-Registered Shareholders” means Shareholders who do not hold Common Shares in their own name. “Intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners). As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

#### Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the “Proxy”) are officers of the Company or solicitors for the Company. **If you are a Registered Shareholder, you have the right to attend the meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy.**

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Company’s transfer agent, Computershare Trust Company of Canada (“Computershare”), in accordance with the instructions on the Proxy.

In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and

- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof,

or in any other manner provided by law.

**Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.** If you are a Non-Registered Shareholder, see “Voting by Non-Registered Shareholders” below for further information on how to vote your Common Shares.

### **Exercise of Discretion by Proxyholder**

If you vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein;
- (iii) any other matter that properly comes before the Meeting; and
- (iv) exercise of discretion of the Proxyholder.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.** Management is not currently aware of any other matters that could come before the Meeting.

### **Voting by Non-Registered Shareholders**

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s Intermediary or an agent of that Intermediary. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company’s proxy to represent you at the Meeting. **Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity.** To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

**If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.**

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

No person 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 other than the election of directors. For the purpose of this paragraph, “person” shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company’s last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person as defined in (a) or (b).

#### **RECORD DATE AND QUORUM**

The board of directors of the Company (the “**Board**”) has fixed the record date for the Meeting as the close of business on September 4, 2019 (the “**Record Date**”). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Articles of the Company, the quorum for the transaction of business at a meeting of Shareholders is one person who is a shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of shareholders pursuant to the Company’s articles, present in person or by proxy.

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

On the Record Date there were 140,099,839 Common Shares issued and outstanding, with each share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by proxy at the Meeting or any adjournment or postponement thereof.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, the Shareholders who beneficially own, or exercise control or direction, directly or indirectly, Common Shares carrying 10% or more of the votes attached to Common Shares are:

Name	Number of Common Shares Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Approximate Percentage of Total Outstanding Common Shares
Southern Arc Minerals Inc.	36,250,000	25.87%
Newmont Goldcorp Corporation	22,602,634	16.13%

**Note:**

- (1) The above information was derived from the shareholder list maintained by the Company’s registrar and transfer agent, or from insider and beneficial ownership reports available at [www.sedi.com](http://www.sedi.com) and [www.sedar.com](http://www.sedar.com).

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and discussed below.

### Presentation of Financial Statements

The audited consolidated financial statements of the Company for the financial year ended December 31, 2018, together with the auditor's report thereon, will be placed before the Meeting.

### Election of Directors

The Company proposes to fix the number of directors of the Company at seven and to nominate the persons listed below for election as directors. Each director 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. Management does not contemplate that any of the nominees will be unable to serve as a director. If, prior to the Meeting, any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the Proxy as nominee to vote the Common Shares represented by Proxy for the election of any other person or persons as directors.

The following table sets out the names of the director nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares that each beneficially owns or over which control or direction is exercised.

Name, Residence and Present Position within the Company	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>
<b>John Proust</b> <sup>(2)</sup> British Columbia, Canada <i>Chief Executive Officer, Chairman and Director</i>	September 15, 2016	218,083	Mr. Proust is an independent businessman and President of J. Proust & Associates Inc., through which Mr. Proust is the founder of numerous public and private companies.
<b>Michael Andrews</b> <sup>(3)(4)</sup> St. Ouen, Jersey, Channel Islands <i>President, Chief Operating Officer and Director</i>	September 15, 2016	833,333	Dr. Andrews is a geologist with over 40 years of research and mining industry experience in gold, copper, coal and iron exploration.
<b>John Carlile</b> <sup>(4)</sup> St. Brelade, Jersey, Channel Islands <i>Executive Vice President, Director</i>	September 15, 2016	921,333	Mr Carlile is a minerals exploration geologist with over 40 years of experience including technical, senior managerial and corporate roles with both major and junior public resource companies focused mainly on gold and base metal exploration
<b>Robert Gallagher</b> <sup>(2)(3)</sup> British Columbia, Canada <i>Director</i>	September 15, 2016	125,000	Mr. Gallagher has worked in the mining industry for over 40 years and has extensive experience in the development and operation of large-scale mining projects.
<b>Mitsuhiro Yamada</b> <sup>(4)</sup> Tokyo, Japan <i>Director</i>	September 15, 2016	Nil	Mr. Yamada is a mining business professional with significant international experience.
<b>Sally Eyre</b> <sup>(2)(3)(4)</sup> British Columbia, Canada <i>Director</i>	September 15, 2016	100,000	Dr. Eyre, Ph.D. is a mining finance professional with extensive experience in global resource capital markets and mining operations.

Name, Residence and Present Position within the Company	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>
<b>Murray Flanigan<sup>(2)</sup></b> British Columbia, Canada <i>Director</i>	January 24, 2019	Nil	Chartered Professional Accountant and a Chartered Financial Analyst. President of GR7 Consulting Corp. (director since Oct. 2013), a privately held consulting company providing financial, accounting, tax and compliance advisory services to a number of public and private oil and gas, mining and technology companies in North America and abroad. Managing Principal and the CFO of Kepis & Pobe Financial Group Inc. (from October 2010), a private equity firm focused on investments in the natural resource and information technology sectors.

**Notes:**

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above have held the principal occupation or employment indicated for at least the five preceding years.
- (2) Member of the audit committee of the Company.
- (3) Member of the compensation committee of the Company.
- (4) Member of the corporate governance/nomination committee of the Company.

To the knowledge of the Company, no proposed director of the Company is, or has been, within the 10 years prior to the date of this Information Circular, a director or executive officer of any company that:

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while that person was acting in that capacity;
- (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to act in that capacity, and which resulted from an event that occurred while that person was acting in that capacity; or
- (c) 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.

No proposed director of the Company is, or has been, within the 10 years prior to 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.

No proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**Appointment of Auditor**

Management is recommending that Shareholders vote to appoint Ernst & Young LLP, of 700 West Georgia Street, Vancouver, British Columbia, as auditors of the Company until the next annual meeting of Shareholders and to authorize the directors to fix the remuneration to be paid to the auditor. The Board appointed Ernst & Young LLP as auditors of the Company effective March 21, 2017.

## Approval of Stock Option Plan

At the Meeting, Shareholders of the Company will be asked to approve the continuation of the Company's stock option plan (the "**Plan**"). The purpose of the Plan is to provide an incentive to directors, employees and consultants to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

The following summary of the Plan does not purport to be complete and is qualified in its entirety by reference to the Plan. A full copy of the Plan will be available at the Meeting for review by Shareholders. Shareholders may also obtain copies of the Plan from the Company prior to the Meeting on written request.

Eligible Participants. Options may be granted under the Plan to directors and senior officers of the Company or its subsidiaries, management company employees (collectively, the "**Directors**"), employees of the Company or its subsidiaries (collectively, the "**Employees**") or consultants of the Company or its subsidiaries (collectively, the "**Consultants**"). The Board, in its discretion, determines which of the Directors, Employees or Consultants will be awarded options under the Plan.

Number of Shares Reserved. The number of Common Shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding Common Shares at the date of granting of options (including all options granted by the Company prior to the adoption of the Plan and under the Plan). Options that are exercised, cancelled or expire prior to exercise continue to be issuable under the Plan.

Limitations. Under the Plan, the aggregate number of options granted to any one individual in a 12-month period must not exceed 5% of the issued and outstanding Common Shares of the Company, calculated on the date the option is granted. The aggregate number of options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Company, calculated at the date the option is granted. The aggregate number of options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding Common Shares of the Company in any 12-month period, calculated at the date an option is granted to any such person.

Term of Options. Subject to the termination and change of control provisions noted below, the term of any options granted under the Plan is determined by the Board and may not exceed ten years from the date of grant.

Exercise Price. The exercise price of options granted under the Plan is determined by the Board, provided that it is not less than the discounted market price, as that term is defined in the TSX Venture Exchange ("**TSXV**") policy manual or such other minimum price as is permitted by the TSXV in accordance with the policies in effect at the time of the grant, or, if the Common Shares are no longer listed on the TSXV, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of stock options granted to insiders may not be decreased without disinterested Shareholder approval at the time of the proposed amendment.

Vesting. All options granted pursuant to the Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board.

Termination. Any options granted pursuant to the Plan will terminate upon the earliest of:

- (a) the end of the term of the option;
- (b) on the date the holder ceases to be eligible to hold the option (the "**Cessation Date**"), if the Cessation Date is as a result of dismissal for cause or regulatory sanction;
- (c) one year from the date of death or disability, if the Cessation Date is as a result of death or disability;
- (d) on such other date as fixed by the Board, provided that the date is no more than 90 days from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause.

Disinterested Shareholder approval will be sought in respect of any material amendment to the Plan.

Shareholders will be asked at the Meeting to approve, with or without variation, the following ordinary resolution:

“BE IT RESOLVED as an ordinary resolution THAT:

- (a) the Company’s stock option plan be approved, and that in connection therewith a maximum of 10% of the issued and outstanding Common Shares at the time of each grant be approved for granting as options; and
- (b) any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.”

A copy of the Plan is available at the records office of the Company at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada until the business day immediately preceding the date of the Meeting, and a copy will also be made available at the Meeting.

### **OTHER BUSINESS**

As of the date of this Information Circular, management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

### **EXECUTIVE COMPENSATION**

For the purposes set out below a “**Named Executive Officer**” or “**NEO**” means:

- (a) the Company’s chief executive officer (“**CEO**”);
- (b) the Company’s chief financial officer (“**CFO**”);
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the CEO and the CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under subsection (c) above but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

As at December 31, 2018, the end of the most recently completed financial year of the Company, the Company had three NEOs, whose names and positions held within the Company are set out in the summary compensation table below.

An NEO or director of the Company is not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly by the NEO or director.

#### **Director and Named Executive Officer Compensation**

The following table is a summary of compensation (excluding compensation securities) paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company to each NEO and director for each of the Company’s two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year Ended December 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>John Proust</b> <i>CEO, Chairman and Director</i>	2018	288,000	Nil	Nil	Nil	Nil	288,000
	2017	120,000	Nil	Nil	Nil	Nil	120,000
<b>Vincent Boon</b> <i>CFO and Corporate Secretary</i>	2018	60,000	Nil	Nil	Nil	Nil	60,000
	2017	84,000	Nil	Nil	Nil	Nil	84,000
<b>Andrew Rowe</b> <i>Vice President, Exploration</i>	2018	324,989	Nil	Nil	Nil	Nil	324,989
	2017	385,291	Nil	Nil	Nil	Nil	385,291
<b>Michael Andrews</b> <i>President, COO, and Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>John Carlile</b> <i>Executive Vice President and Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Mitsuhiko Yamada</b> <i>Director</i>	2018	168,000	Nil	Nil	Nil	Nil	168,000
	2017	126,000	Nil	Nil	Nil	Nil	126,000
<b>Robert Gallagher</b> <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sally Eyre</b> <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>David Farrell<sup>(1)</sup></b> <i>Former Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

(1) David Farrell was appointed as a director on September 15, 2016 and resigned as a director on March 2, 2018.

There is no compensation awarded to, earned by, paid to, or payable to, a NEO or director of the Company, in any capacity with respect to the Company, by another person or company for each of the Company's two most recently completed financial years.

**Stock Options and Other Compensation Securities**

The following table contains information on compensation securities that were granted or issued to the directors and NEOs of the Company by the Company in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>John Proust</b> <sup>(2)</sup> <i>CEO, Chairman and Director</i>	Options	150,000 <sup>(1)</sup>	Dec. 13, 2018	\$0.16	\$0.16	\$0.22	Dec. 13, 2028
<b>Vincent Boon</b> <sup>(3)</sup> <i>CFO and Corporate Secretary</i>	Options	25,000 <sup>(1)</sup>	Dec. 13, 2018	\$0.16	\$0.16	\$0.22	Dec. 13, 2028
<b>Andrew Rowe</b> <sup>(4)</sup> <i>Vice President, Exploration</i>	Options	150,000 <sup>(1)</sup>	Dec. 13, 2018	\$0.16	\$0.16	\$0.22	Dec. 13, 2028
<b>Michael Andrews</b> <sup>(5)</sup> <i>President, COO, and Director</i>	Options	125,000 <sup>(1)</sup>	Dec. 13, 2018	\$0.16	\$0.16	\$0.22	Dec. 13, 2028
<b>John Carlile</b> <sup>(6)</sup> <i>Executive Vice President and Director</i>	Options	100,000 <sup>(1)</sup>	Dec 13, 2018	\$0.16	\$0.16	\$0.22	Dec. 13, 2028
<b>Mitsuhiko Yamada</b> <sup>(7)</sup> <i>Director</i>	Options	175,000 <sup>(1)</sup>	Dec. 13, 2018	\$0.16	\$0.16	\$0.22	Dec. 13, 2028
<b>Robert Gallagher</b> <sup>(8)</sup> <i>Director</i>	Options	100,000 <sup>(1)</sup>	Dec. 13, 2018	\$0.16	\$0.16	\$0.22	Dec. 13, 2028
<b>Sally Eyre</b> <sup>(9)</sup> <i>Director</i>	Options	100,000 <sup>(1)</sup>	Dec. 13, 2018	\$0.16	\$0.16	\$0.22	Dec. 13, 2028

**Notes:**

- (1) These options granted on December 13, 2018 vest as follows: 1/3 of the options vest immediately on the date of grant, with 1/3 of the options vesting every year thereafter.
- (2) As at December 31, 2018, John Proust owned an aggregate of 1,550,000 compensation securities, comprised solely of stock options, each of which is exercisable into one Common Share. Of these stock options, 1,400,000 are exercisable at a price of \$0.40 per Common Share until September 15, 2026 and 150,000 are exercisable at a price of \$0.16 per Common Share until December 13, 2028.
- (3) As at December 31, 2018, Vincent Boon owned an aggregate of 150,000 compensation securities, comprised solely of stock options, each of which is exercisable into one Common Share. Of these stock options, 125,000 are exercisable at a price of \$0.40 per Common Share until September 15, 2026 and 25,000 are exercisable at a price of \$0.16 per Common Share until December 13, 2028.
- (4) As at December 31, 2018, Andrew Rowe owned an aggregate of 650,000 compensation securities, comprised solely of stock options, each of which is exercisable into one Common Share. Of these stock options, 225,000 are exercisable at a price of \$0.40 per Common Share until September 15, 2026, 275,000 are exercisable at a price of \$0.40 per Common Share until October 28, 2026, and 150,000 are exercisable at a price of \$0.16 per Common Share until December 13, 2028.
- (5) As at December 31, 2018, Michael Andrews owned an aggregate of 1,025,000 compensation securities, comprised solely of stock options, each of which is exercisable into one Common Share. Of these stock options, 900,000 are exercisable at a price of \$0.40 per Common Share until September 15, 2026 and 125,000 are exercisable at a price of \$0.16 per Common Share until December 13, 2028.
- (6) As at December 31, 2018, John Carlile owned an aggregate of 575,000 compensation securities, comprised solely of stock options, each of which is exercisable into one Common Share. Of these stock options, 475,000 are exercisable at a price of \$0.40 per Common Share until September 15, 2026 and 100,000 are exercisable at a price of \$0.16 per Common Share until December 13, 2028.
- (7) As at December 31, 2018, Mitsuhiko Yamada owned an aggregate of 275,000 compensation securities, comprised solely of stock options, each of which is exercisable into one Common Share. Of these stock options, 100,000 are exercisable at a price of \$0.40 per Common Share until September 15, 2026 and 175,000 are exercisable at a price of \$0.16 per Common Share until December 13, 2028.

- (8) As at December 31, 2018, Robert Gallagher owned an aggregate of 300,000 compensation securities, comprised solely of stock options, each of which is exercisable into one Common Share. Of these stock options, 200,000 are exercisable at a price of \$0.40 per Common Share until September 15, 2026 and 100,000 are exercisable at a price of \$0.16 per Common Share until December 13, 2028.
- (9) As at December 31, 2018, Sally Eyre owned an aggregate of 300,000 compensation securities, comprised solely of stock options, each of which is exercisable into one Common Share. Of these stock options, 200,000 are exercisable at a price of \$0.40 per Common Share until September 15, 2026 and 100,000 are exercisable at a price of \$0.16 per Common Share until December 13, 2028.

No compensation securities were exercised by a director or NEO during the Company's most recently completed financial year.

### **Stock option plans and other incentive plans**

See "Approval of Stock Option Plan" above for the material terms of the Company's Plan. The Plan was previously approved by Shareholders at the annual general meeting held on October 11, 2018, and will be placed before the Meeting for shareholder approval.

### **Employment, consulting and management agreements**

On September 16, 2016, and amended February 14, 2018, the Company entered into a consulting services agreement with J. Proust & Associates Inc. ("JPA") pursuant to which the Company agreed to retain the services of JPA as an independent contractor and JPA agreed to provide finance, accounting and administrative services to the Company. In consideration for JPA providing the services to the Company, the Company agreed to pay JPA, commencing January 1, 2018, C\$50,000 plus GST monthly, which may be revised from time to time upon mutual agreement of the parties. Either party may, upon 90 days' written notice to the other party, terminate the consulting services agreement.

On September 16, 2016, and amended November 27, 2017, Japan Gold KK (formerly Southern Arc Minerals Japan KK) (the "Subsidiary"), a wholly owned subsidiary of the Company, entered into a consulting agreement with M&S Yamada Consultants, LLC ("M&S") pursuant to which the Subsidiary agreed to retain M&S to provide consulting services from time to time, including providing analysis and strategic advice related to the development of the Subsidiary's gold and copper-gold exploration projects in Japan. Mr. Mitsuhiro Yamada is a Managing Member and Representative Member of M&S. Pursuant to the consulting agreement, the Subsidiary agreed to pay M&S, commencing November 27, 2017, C\$14,000 monthly in consideration for M&S' services and duties to the Subsidiary. The consulting agreement has a term of one year and automatically renews each year until terminated by either party in accordance with the agreement. Either party may, upon 30 days' written notice to the other party, terminate the consulting agreement.

Other than disclosed herein, the Company does not have any agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a director or NEO, or performed by any other party but are services typically provided by a director or a NEO.

### **Oversight and Description of Director and Named Executive Officer Compensation**

The objective of the Company's compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Company, the Company's resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in Shareholder value. The Company provides medical and dental benefits but it does not provide pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Company. In addition, the CEO and Board from time to time determine the stock option grants to be made pursuant to the Company's stock option plan. Previous grants of stock options are taken into account when considering new grants. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out information as at the end of the Company's most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by Shareholders (Stock Option Plan)	38,324,814	\$0.365	2,784,984
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
<b>Total:</b>	38,324,814	-	2,784,984

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

Since the beginning of the most recently completed financial year, none of the directors, executive officers, employees, proposed nominees for election as directors or their associates have been indebted to the Company.

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

Other than as disclosed below, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

The Company entered into an administrative services agreement dated September 16, 2016, and amended on February 14, 2018, with J. Proust & Associates Inc. ("JPA"). JPA is a private British Columbia company beneficially owned by John Proust. Pursuant to the agreement, JPA is paid a monthly fee for administrative, finance, and accounting services provided under the agreement. The Company is required to reimburse JPA for reasonable expenses incurred by JPA in connection with providing the services under the agreement. The consulting agreement has a term of one year and automatically renews each year until terminated by either party in accordance with the agreement. Either party may, upon 90 days' written notice to the other party, terminate the consulting agreement. During the financial year ended December 31, 2018, the Company paid a total of \$582,000 to JPA.

#### **MANAGEMENT CONTRACTS**

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than the directors or executive officers of the Company or subsidiary.

## STATEMENT OF CORPORATE GOVERNANCE

### Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day to day management of the Company. The Canadian Securities Administrators (“CSA”) have adopted National Policy 58-201 Corporate Governance Guidelines, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA has implemented National Instrument 58-101 Disclosure of Corporate Governance Practices (“NI 58-101”), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### Board of Directors

The Board currently consists of seven members, John Proust, Michael Andrews, John Carlile, Mitsuhiro Yamada, Robert Gallagher, Sally Eyre, and Murray Flanigan and it is proposed that all seven be nominated at the Meeting.

The Board has concluded that four directors, Mitsuhiro Yamada, Robert Gallagher, Sally Eyre, and Murray Flanigan are “independent” for purposes of membership on the Board, as provided in NI 58-101. John Proust, CEO and Chairman, Michael Andrews, President and Chief Operating Officer, and John Carlile, Executive Vice President, are not “independent” for the purposes of membership on the Board, as provided in NI 58-101.

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Board facilitates open and candid discussion among its independent directors through collective communication among its directors and management.

### Other Directorships

The following table sets forth the directors of the Company who are directors of other reporting issuers:

Name	Name of other reporting issuer
John Proust	Canada Energy Partners Inc. Lincoln Ventures Ltd. Pinedale Energy Ltd. Southern Arc Minerals Inc. Rise Gold Corp.
Michael Andrews	Southern Arc Minerals Inc. Kingsrose Mining Limited
John Carlile	Southern Arc Minerals Inc. Kingsrose Mining Limited
Mitsuhiro Yamada	None
Robert Gallagher	Southern Arc Minerals Inc. Capstone Mining Corp.
Sally Eyre	Adventus Mining Corporation Centamin plc Ero Copper Corp.
Murray Flanigan	Lincoln Ventures Ltd. Rise Gold Corp. DLTA 21 Blockchain Corp.

### Orientation and Continuing Education

Orientation of new members of the Board is conducted informally by management and members of the Board. The Company has not adopted formal policies respecting continuing education for Board members.

## **Ethical Business Conduct**

The Board has adopted a formal code of business conduct and ethics (the “**Code**”) with the goal of promoting the highest moral, legal and ethical standards and conduct within the Company. Compliance with the Code and high standards of business conduct is mandatory for every director, officer, employee and consultant of the Company. The Code provides general parameters to help directors, officers, employees and consultants regarding matters including: (a) honest and ethical conduct, (b) full, fair, accurate, timely and understandable disclosure, (c) compliance with laws, rules and regulations, and (d) administration.

## **Nomination of Directors**

The Board has adopted a corporate governance/nominating committee charter. The Company’s corporate governance/nominating committee is comprised of Sally Eyre, Michael Andrews, John Carlile, and Mitsuhiko Yamada. The principal purpose of the corporate governance/nominating committee is to provide assistance to the Board in fulfilling its responsibility to the shareholders, potential shareholders, and the investment community by doing the following: (a) developing and recommending to the Board corporate governance principles applicable to the Company; (b) identifying and recommending qualified individuals for nomination to the Board for the next annual meeting of shareholders; and (c) providing such assistance as the Chair of the Board, if independent, or alternatively the lead director of the Board, may require.

## **Compensation**

The Company’s compensation committee is comprised of Robert Gallagher, Michael Andrews, and Sally Eyre. The Board has adopted a compensation committee charter. The compensation committee is responsible for reviewing and determining the adequacy and form of compensation paid to the Company’s directors, executives and key employees. The compensation committee members evaluate the performance of senior management measured against the Company’s business goals and industry compensation levels. The compensation committee is also responsible for and has authority to administer the Company’s stock option plan and to make all decisions regarding option grants, including option terms and amendments, thereunder.

## **Board Committees**

The Board has no committees other than the audit committee, compensation committee, and corporate governance/nominating committee.

## **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors and receives a report from the audit committee respecting its effectiveness. As part of the assessments, the Board or the audit committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## **AUDIT COMMITTEE**

### **Audit Committee Disclosure**

Pursuant to Section 224(1) of the *Business Corporations Act* (British Columbia) and National Instrument 52-110 of the Canadian Securities Administrators (“**NI 52-110**”) the Company is required to have an audit committee (the “**Committee**”) comprising not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

The primary function of the Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (i) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (ii) reviewing the systems for internal corporate controls which have been established by the Board and management; and (iii) overseeing the Company's financial reporting processes generally. In meeting these responsibilities the Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Committee is also mandated to review and approve all material related party transactions.

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

The Company has adopted a Charter of the Audit Committee of the Board a copy of which is annexed hereto as Schedule "A".

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

The Committee comprises of the following members: Murray Flanigan, John Proust, Sally Eyre, and Robert Gallagher. Mr. Flanigan, Dr. Eyre and Mr. Gallagher are considered to be independent. In addition, each member of the Committee is considered to be financially literate as defined by NI 52-110 in that they have 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 are elected by the Board at its first meeting following the annual shareholders' meeting. Unless a chair is elected by the full Board, the members of the Committee designate a chair by a majority vote of the full Committee membership.

### **Relevant Education and Experience**

*Murray Flanigan* – Mr. Flanigan is a management consultant providing financial advisory services to a number of public and private oil and gas, mining and technology companies in North America and abroad. Mr. Flanigan is a Chartered Professional Accountant and a Chartered Financial Analyst with expertise in corporate finance, mergers and acquisitions, international taxation, risk management, banking, treasury, corporate restructuring and accounting, and has served as Chief Financial Officer for various public and private companies. Mr. Flanigan is currently a Managing Principal and the CFO of Kepis & Pobe Financial Group Inc., where he is responsible for all aspects of the company's accounting, financing, treasury, tax, and legal affairs including overseeing the company's corporate development activities. Prior to founding his own consulting company, Mr. Flanigan served as Senior Vice President, Corporate Development and CFO of Qwest Investment Management Corp., where he was responsible for regulatory reporting and corporate filings for over 15 private and publicly listed companies and limited partnerships in Qwest's portfolio, as well as arranging and closing numerous equity and debt financings. Mr. Flanigan also served as VP Corporate Development for Adelphia Communications Corporation, overseeing the company's financial restructuring and ultimate sale to Time Warner Inc. and Comcast Corporation for approximately US\$18 billion.

*John Proust* – Mr. Proust is the founder and principal shareholder of numerous public and private companies. He has directed, managed and advised public and private companies regarding corporate strategy and structure, debt and equity financing, mergers and acquisitions, and corporate restructuring since 1986. Mr. Proust has held senior positions and served on the boards of many private and TSXV / CSE listed companies. This experience has provided Mr. Proust with an understanding of the accounting principles used by the Company to prepare its financial statements. Mr. Proust's experience also allows him to analyze or evaluate the Company's financial statements.

*Sally Eyre* – Dr. Eyre is a mining finance professional with extensive experience in global resource capital markets and mining operations. This experience has provided Dr. Eyre with an understanding of the accounting principles used by the Company to prepare its financial statements. Dr. Eyre's experience also allows her to analyze or evaluate the Company's financial statements.

*Robert Gallagher* – Mr. Gallagher, a mining professional has served on several boards, in senior executive roles for public companies. This experience and educational background has provided Mr. Gallagher with an understanding of the accounting principles used by the Company to prepare its financial statements. Mr. Gallagher's experience also allows him to analyze or evaluate the Company's financial statements.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Committee to nominate or compensate an external auditor.

## Reliance on Certain Exemptions

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

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*), which provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor;
- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), which provides an exemption from the requirements for the composition of the audit committee if a circumstance arises that affects the business or operations of the venture issuer, and a reasonable person would conclude that the circumstance can be best addressed by a member of the audit committee becoming an executive officer or employee of the venture issuer;
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*), which provides an exemption from the requirements for the composition of the audit committee for if an audit committee member becomes a control person of the venture issuer or of an affiliate of the venture issuer for reasons outside the member's reasonable control;
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), which provides an exemption from the requirements for the composition of the audit committee if a vacancy on the audit committee arises as a result of the death, incapacity or resignation of an audit committee member and the Board is required to fill the vacancy; or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*) of NI 52-110, which permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

## Pre-approval Policies and Procedures

The Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Committee, on a case-by-case basis.

## External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2018	55,925	-	-	-
2017	\$47,000	Nil	Nil	Nil

## Exemption

The Company is relying on section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year, and available online at [www.sedar.com](http://www.sedar.com). Shareholders may request additional copies by mail to Suite 650 – 669 Howe Street, Vancouver, British Columbia, Canada, V6C 0B4.

**DIRECTORS' APPROVAL**

The contents and the sending of the Notice of Meeting and this Information Circular have been approved by the Board.

**ON BEHALF OF THE BOARD OF DIRECTORS**

*“John Proust”*

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John Proust

Chief Executive Officer

## Schedule “A”

### Charter of the Audit Committee of the Board of Directors of Japan Gold Corp. (the “Company”)

#### AUDIT COMMITTEE CHARTER

#### **Purpose**

The overall purpose of the Audit Committee (the “Committee”) of **Japan Gold Corp.** (formerly SKY RIDGE RESOURCES LTD. or the “Company”) is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure 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 financial information. It is the intention of the Board of Directors that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board of Directors and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

#### **Composition, Procedures and Organization**

- (1) The Committee shall consist of at least three members of the Board of Directors (the “Board”).
- (2) At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) 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 applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- (3) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- (4) Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- (5) The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- (6) The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- (7) Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and

- (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
- (8) The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

### **Responsibilities and Duties**

- (9) The overall duties and responsibilities of the Committee shall be as follows:
  - (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
- (10) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
  - (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - i. contents of their report;
    - ii. scope and quality of the audit work performed;
    - iii. adequacy of the Company's financial and auditing personnel;
    - iv. cooperation received from the Company's personnel during the audit;
    - v. internal resources used;
    - vi. significant transactions outside of the normal business of the Company;
    - vii. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - viii. the non-audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
  - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

- (11) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (12) The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - i. the annual report to Shareholders;
    - ii. the annual information form, if required;
    - iii. annual and interim MD&A;
    - iv. prospectuses;
    - v. news releases discussing financial results of the Company; and
    - vi. other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Company's consolidated financial statements;
  - (f) review the minutes of any Committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
  - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

- (13) The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
  - (b) to set and pay the compensation for any advisors employed by the Committee; and
  - (c) to communicate directly with the internal and external auditors.