

CHILEAN METALS INC.
Suite 202 – 82 Richmond St East
Toronto, Ontario M5C 1P1

INFORMATION CIRCULAR
as of October 22, 2018 (unless otherwise noted)

MANAGEMENT SOLICITATION OF PROXIES

This Information Circular (the “Circular”) is furnished to you in connection with the solicitation of proxies by management of Chilean Metals Inc. (“we”, “us” or the “Company”) for use at the Annual and Special Meeting (the “Meeting”) of shareholders of the Company to be held on Friday, November 23, 2018, and at any adjournment of the Meeting. The Company will conduct the solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse shareholders, nominees or agents (including brokers holding shares on behalf of clients) for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

APPOINTMENT OF PROXY HOLDER

The persons named as proxy holders in the form of proxy are the Company’s directors or officers. As a shareholder, you have the right to appoint a person (who need not be a shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

VOTING BY PROXY

The persons named in the form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your shares will be voted in favour of all matters.

The form of proxy gives the persons named as proxy holders discretionary authority regarding amendments or variations to matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Information Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgement.

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an “X” in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. In that case, the proxy holders nominated by management will vote the shares represented by your proxy in accordance with their judgment.

RETURN OF PROXY

You must deliver the completed form of proxy to the office of our registrar and transfer agent, AST Trust Company (Canada), PO Box 721 Agincourt, Ontario, M1S 0A1, via fax at 1-866-781-3111 (toll free in North America) or 416-368-2505 or via e-mail at proxyvote@astfinancial.com or to the Company's head office at the address listed on the cover page of this Circular, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Meeting or any adjournment.

ADVICE TO NON-REGISTERED SHAREHOLDERS

Only shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are "non-registered" shareholders because their shares are registered in the name of nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a "Nominee"). If you purchased your shares through a broker, you are likely a non-registered shareholder.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as "NOBOs". Those non-registered Holders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as "OBOs".

In accordance with the securities regulatory policy, we have distributed copies of the Notice-and-Access Notification to NOBOs and to the Nominees for onward distribution to OBOs. **The Company does not intend to pay for a Nominee to deliver to OBOs, therefore an OBO will not receive the materials unless the OBO's Nominee assumes the costs of delivery.**

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting materials sent to non-registered holders who have not waived the right to receive Meeting materials are accompanied by a request for voting instructions (a "VIF"). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered holder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIFs, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered shareholders to direct the voting of the shares which they beneficially own. **Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered holder may request (in writing) to the Company or its Nominee, as applicable, without expense to the non-registered holder, that the non-registered holder or his/her nominee be appointed as proxyholder and have the right to attend and vote at the Meeting.** Non-registered shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

REVOCATION OF PROXY

If you are a registered shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or

- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy; or
- (c) attending the Meeting in person and registering with the scrutineer as a registered shareholder present in person.

The later proxy or the notice of revocation must be delivered to the office of our registrar and transfer agent or to our head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered shareholder who wishes to revoke a VIF or to revoke a waiver of your right to receive Meeting materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting. Other than the adoption of the Company's stock option plan, approval of which will be sought at the Meeting. Directors and executive officers of the Company may participate in the Company's stock option plan, and accordingly have an interest in its approval. See "Particulars of Matters to be Acted On – Shareholder Approval of Stock Option Plan".

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

We are authorized to issue an unlimited number of common shares without par value, of which 35,285,796 common shares were issued and outstanding as of October 22, 2018. There is one class of voting shares only. The Company is also authorized to issue non-voting Class A preference shares with a par value of \$1.00 and Class B preference shares with a par value of \$5.00. There are no Class A or Class B preference shares issued and outstanding.

Persons who are registered shareholders at the close of business on October 22, 2018 will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every shareholder and proxy holder will have one vote and, on a poll, every shareholder present in person or represented by proxy will have one vote for each share. In order to approve a motion proposed at the Meeting, a majority of more than 50% of the votes cast will be required to pass an ordinary resolution, and a majority of at least two thirds of the votes cast will be required to pass a special resolution.

To the knowledge of our directors and executive officers, no person beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of all voting rights as of October 22, 2018 except Samuel Stern, who owns, directly or indirectly, or exercises control or direction over 3,833,028 common shares representing 11%.

ELECTION OF DIRECTORS

Our directors are elected at each annual general meeting and hold office until the next annual general meeting or until that person sooner ceases to be a director.

Directors Nominated by Management

Unless you provide other instructions, the enclosed proxy will be voted for the management nominees (the “**Management Nominees**”) listed below. Management does not expect that any of the Management Nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the Management Nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the shares represented by the proxy for the election of any other person or persons as directors.

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed Management Nominees has been furnished by each of them:

Name, Province or State and Country of Residence and Present Office Held	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised ⁽¹⁾	Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years ⁽²⁾
Terry Lynch Toronto, Ontario CEO and Director	June 20, 2012	1,204,375	Business Executive
Greg McKenzie ⁽³⁾ Toronto, Ontario Director	November 10, 2016	nil	Business Executive, Lawyer
Peter Kent Oakville, Ontario Director	October 25, 2012	323,917	Retired Lawyer
Les Mallard ⁽³⁾ Hammonds Plains, Nova Scotia Director	October 17, 2017	713,812	Business Executive
Michael Sharry Ridgewood, Queensland Director	May 16, 2018	500,000	Geologist

- (1) Includes common shares beneficially owned, directly or indirectly, over which control or direction is exercised, as at the date of this Information Circular. This information was obtained from the System for Electronic Disclosure (SEDI) website (www.sedi.ca) or from the management nominee (who is not yet an insider).
- (2) Unless otherwise stated below, any management nominee named above not elected at the last annual general meeting, has held the principal occupation or employment indicated for at least 5 years.
- (3) Current member of the Company’s Audit Committee.

No management proposed director of the Company is or has been, within the past 10 years, a director, CEO, CFO or officer of any company that:

- (a) was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation for more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or

- (b) was subject to an order 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.

No management proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become 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 noted via press release on his appointment as President and director of Chilean Metals in 2012, Terry Lynch served as director and briefly as CEO of Firstgold Corp., a TSX listed company that ultimately filed for bankruptcy in 2012.

No management proposed director of the Company has, within the past 10 years, become 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 the assets of the proposed director.

Unless you provide other clear instructions, the enclosed proxy **WILL BE VOTED** for the Management Nominees.

Directors Nominated by Dissident Shareholder

ALL INFORMATION CONTAINED IN THIS CIRCULAR WITH RESPECT TO THE DISSIDENT NOMINEES, NOT BEING WITHIN THE KNOWLEDGE OF THE DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY, HAS BEEN FURNISHED BY THE DISSIDENT SHAREHOLDER.

Letter Received October 18, 2018 and Advance Notice Policy

On October 18, 2018, the Company received written notice from Christopher J. Berlet, a shareholder of the Company (the “**Dissident Shareholder**”). The Dissident Shareholder proposed the nomination of the dissident nominees named in the table below for election as director (hereinafter referred to as the “**Dissident Nominees**”). The Dissident Shareholder’s written notice indicates that he is submitting the Dissident Nominees in accordance with the Company’s Advance Notice Policy (the “**Advance Notice Policy**”) and the information concerning the proposed Dissident Nominees has been furnished by the Dissident Shareholder.

The Board to be elected at the Meeting will consist of five directors. Since the number of nominees for election as directors includes the Management Nominees and the Dissident Nominees and exceeds the number fixed for such election, the five nominees with the most “FOR” votes will be elected.

BY VIRTUE OF THE ADVANCE NOTICE POLICY, THE COMPANY IS OBLIGATED TO PRESENT INFORMATION ABOUT THE DISSIDENT NOMINEES TO SHAREHOLDERS. HOWEVER, FOR REASONS SET OUT BELOW, THE BOARD RECOMMENDS THAT SHAREHOLDERS WITHHOLD THEIR VOTES IN RESPECT OF MESSRS. BERLET, BOYLE, SAMSON, AND CHASE.

Unless you provide other clear instructions, the enclosed proxy **WILL NOT** be voted for the Dissident Nominees. The Dissident Shareholder is permitted to solicit proxies from not more than 15 shareholders, and accordingly is required to send a dissident proxy circular if he wishes to solicit proxies from more than 15 shareholders.

Name, Province or State and Country of Residence	Date First Became a Director	Number of Common Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised ⁽¹⁾	Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years
Christopher J. Berlet Toronto, Ontario	Proposed Nominee	810,419	Business Executive
James P. Boyle North York, Ontario	Proposed Nominee	nil	Business Executive, Lawyer
Sean Samson Toronto, Ontario	Proposed Nominee	nil	Business Executive
Marcus M. Chase Ottawa, Ontario	Proposed Nominee	nil	Business Executive

(1) Includes common shares beneficially owned, directly or indirectly, over which control or direction is exercised, as at the date of this Information Circular. This information has been furnished by the Dissident Shareholder.

Other than as disclosed below, no Dissident Nominee proposed to be a director of the Company is or has been, within the past 10 years, a director, CEO, CFO or officer of any company that:

- (c) was subject to a cease trade or similar order, or an order that denied the company access to any exemption under securities legislation for more than 30 consecutive days, that was issued while the Dissident Nominee was acting in the capacity as director, CEO or CFO; or
- (d) was subject to an order that was issued after the Dissident Nominee 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.

Other than as disclosed below, no Dissident Nominee proposed to be a director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become 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.

Other than as disclosed below, no Dissident Nominee proposed to be a director of the Company has, within the past 10 years, become 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 the assets of the proposed director.

James P. Boyle is a director and chairman of the board of 3MV Energy Corp. (“**3MV**”) which is subject to cease trade orders issued by British Columbia Securities Commission (2016/05/12), Alberta Securities Commission (2016/05/05) and Ontario Securities Commission (2016/05/10) for failure to file annual audited financial statements, management's discussion and analysis and certificates for the year ended December 31, 2015. As a result of the adverse petroleum price environment in 2015 and 2016 3MV's secured creditor realized upon its security over 3MV's petroleum assets resulting in 3MV's inability to continue as a going concern and fund required filings.

Sean Samson was an officer of First Nickel, Inc., which filed for receivership on August 20, 2016.

FOR THE REASONS SET OUT BELOW, THE BOARD RESPECTFULLY RECOMMENDS THAT SHAREHOLDERS DO NOT SUPPORT THE ELECTION OF MESSRS. BERLET, BOYLE, SAMSON, AND CHASE.

Why the Board is Not Recommending that You Vote for the Dissident Nominees

The Company recommends that shareholders should withhold their votes in respect of the election of the Dissident Nominees as directors of the Company. The concerns of the Board regarding the Dissident Nominees can be categorized into the below categories:

Concerns about Dissident Shareholder's Character and Integrity

As stated by CEO Terry Lynch in our press release dated August 17, 2018

“The thought of having our Company managed by anyone who would support phantom royalties doesn't sound like a good deal for any of our shareholders. It is certainly not what we expect the current round of investors contemplated when they invested. They had invested in a clear vision of how to grow value in our Nova Scotia Properties as developed and guided by Mick Sharry our new President and COO. They invested in our Chilean Assets which focused on the preservation of the 3% Royalty we have with Teck on our former Copaquire property which is adjacent both Teck's QueBrada Blanca 1 (QB1) mine and the recently approved QB2 mine.”

Concerns about Dissident Shareholder's Motivations for Seeking Representation on the Board

As published in our press release of August 24, 2018 Mr. Berlet

“expressed to us that they intend to use an exemption allowing them to solicit up to 15 persons in this attempted Board takeover, without disclosure or producing their own circular. They offered to leave current management in charge of the Nova Scotia assets if we would agree to some very onerous terms favoring Mr. Berlet and his associates, which we did not view in the best interests of the Company. We rejected this proposal. This lack of transparency by Mr. Berlet and those acting in concert with him is not fair to shareholders.”

Concerns about a Lack of Plan and Opportunistic Behaviour

Mr. Berlet in a meeting with Sam Stern, the Company's largest shareholder, and Terry Lynch expressed a plan to value the Company's Chilean assets as being worth \$1,000,000. He and his group would invest \$1,000,000 in the Company...we Sam and Terry could invest, but otherwise it would not be open to all shareholders. Then subsequently he would cause Canuc Resources, a company he purports to control, to offer \$4,000,000 of their paper which he said was worth \$8-\$10 Million. Given Fundamental Research in their report issued in January of 2018 suggested the Royalty we received from Teck Resources when they acquired our Copaquire project was worth \$21 Million dollars and we have in addition significant exploration assets this proposal from Berlet seemed a very opportunistic deal for Mr. Berlet and his friends and a terrible deal for our shareholders.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Remuneration plays an important role in attracting, motivating, rewarding and retaining knowledgeable and skilled individuals to the Company's management team. The Company does not have a formal compensation policy. The main objectives the Company hopes to achieve through its compensation are:

- to attract and retain executives critical to the Company's success, who will be key in helping the Company achieve its corporate objectives and increase shareholder value;
- to motivate the Company's management team to meet or exceed targets;
- to recognize the contribution of the Company's directors, officers and consultants to the overall success and strategic growth of the Company; and
- to align the interests of management and the Company's shareholders by providing performance-based compensation and stock options.

The Company's Board determines an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Company. The Board did not consider the implications of the risks associated with the Company's compensation practices; however, given the Company's size and nature of compensation provided to its executives in the last financial year, the Board does not view significant risk that would be likely to have a material adverse effect on the Company.

The Company's management 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 of the Company granted as compensation or held, directly or indirectly, by management.

The board of directors determines the allocation and terms of any stock option grants. When granting stock options, the board of directors considers the amount of past options which have been granted.

Option-based Awards

See "Compensation Discussion and Analysis" and "Particulars of Matters to be Acted On – Shareholder Approval of Stock Option Plan" for a description of the Company's stock option plan and the process the Company uses to grant options-based awards.

Compensation Governance

The Company's Board determines an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Company. The Company does not have a compensation committee.

Summary Compensation Table

The Company had three Named Executive Officers, as defined below, during the financial years ended December 31, 2015, December 31, 2016 and December 31, 2017: Terry Lynch (President and CEO January 1, 2015 to March 29, 2016) Patrick Cruickshank (President and CEO March 29, 2016 to December 31, 2017) and Daniel Crandall (CFO January 1, 2015 to December 31, 2017).

The table below sets out particulars of compensation paid to the following executive officers (each of whom is a "Named Executive Officer") for services to the Company during the three most recently completed financial years:

- (i) the individual who acted as the Company's CEO or acted in a similar capacity for any part of the most recently completed financial year;

- (ii) the individual who acted as the Company’s CFO or acted in a similar capacity for any part of the most recently completed financial year;
- (iii) 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; and
- (iv) each individual who would be an Named Executive Officer under paragraph (iii) 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.

The following table presented in accordance with National Instrument Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* (“**Form 51-102F6V**”) below sets forth all compensation for services in all capacities to the Company for the three most recently completed financial years (to the extent required by Form 51-102F6V) in respect of the CEO, President and the CFO as at December 31, 2015, 2016 and 2017.

<i>Name and principal position</i>	<i>Year⁽¹⁾</i>	<i>Salary (\$)</i>	<i>Share-based awards⁽²⁾ (\$)</i>	<i>Option-based awards⁽³⁾ (\$)</i>	<i>Non-equity incentive plan compensation (\$)</i>		<i>Pension value (\$)</i>	<i>All other compensation (\$)⁽⁴⁾</i>	<i>Total compensation (\$)</i>
					<i>Annual incentive plans</i>	<i>Long-term incentive plans</i>			
Terry Lynch President and former CEO ⁽⁵⁾	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2016	N/A	N/A	N/A	N/A	N/A	N/A	180,000 ⁽⁶⁾	180,000
	2015	N/A	N/A	N/A	N/A	N/A	N/A	144,000 ⁽⁶⁾	144,000
Patrick Cruickshank Former President and CEO ⁽⁵⁾	2017	N/A	N/A	N/A	N/A	N/A	N/A	180,000 ⁽⁸⁾	180,000
	2016	N/A	N/A	253,040 ⁽³⁾	N/A	N/A	N/A	135,000 ⁽⁸⁾	288,040
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Daniel Crandall CFO	2017	N/A	N/A	N/A	N/A	N/A	N/A	55,495 ⁽⁷⁾	55,495
	2016	N/A	N/A	26,244 ⁽⁴⁾	N/A	N/A	N/A	50,798 ⁽⁷⁾	77,042
	2015	N/A	N/A	N/A	N/A	N/A	N/A	51,964 ⁽⁷⁾	51,964

(1) Year ended December 31.

(2) The Company did not grant any share based awards.

(3) Option pricing models require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management’s view that the existing models may not provide a single reliable measure of the fair value of the Company’s stock option grants. The Company uses an option-pricing model because there is no market for which employee options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an employee might receive if the options were freely traded, nor assume that these amounts are the same as those reported for income tax purposes.

The fair value of the options granted has been estimated using the Black-Scholes option-pricing model with the following assumptions:

	2015	2016	2017
Risk-free rate	N/A	0.86%	N/A
Expected dividend yield	N/A	0%	N/A
Expected stock price volatility	N/A	193%	N/A

Expected life of options	N/A	5 years	N/A
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- (4) The fair value of the options granted has been estimated using the Black-Scholes option-pricing model with the following assumptions:

	2015	2016	2017
Risk-free rate	N/A	0.96%	N/A
Expected dividend yield	N/A	0%	N/A
Expected stock price volatility	N/A	196%	N/A
Expected life of options	N/A	5 years	N/A

- (5) Mr. Patrick Cruickshank resigned as President and CEO on March 9, 2018. Mr. Terry Lynch is the current CEO effective March 9, 2018. Services provided by Mr. Terry Lynch as a director are included below.
- (6) This amounts, plus applicable HST, were paid to Punchcast Inc. for executive services provided to the Company. Punchcast Inc. was owned and controlled by Mr. Terry Lynch.
- (7) This amounts, plus applicable HST, were paid to Marrelli Support Services Inc. for accounting and CFO services provided to the Company. Mr. Daniel Crandall is a senior employee of Marrelli Support Services Inc..
- (8) This amounts, plus applicable HST, were paid to Royal Stewart Capital Corp. for executive services provided to the Company. Royal Stewart Capital Corp. is owned and controlled by Mr. Patrick Cruickshank.

All compensation has been in the normal course of operations, and in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

Incentive Plan Awards

The following table discloses the particulars for each Named Executive Officer all awards outstanding at the end of December 31, 2016:

Outstanding share-based compensation and option-based awards

NEO 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 (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)
Patrick Cruickshank	250,000	0.36	May 27, 2021	95,000	N/A	N/A
	200,000	0.60	November 14, 2021	28,000	N/A	N/A
Daniel Crandall	30,000	1.00	June 11, 2019	nil	N/A	N/A
	45,000	0.60	November 14, 2021	6,300	N/A	N/A

- (1) The value of unexercised in-the-money options on December 31, 2016 is based on Company's common share price of \$0.74 per share less the granted options exercise price.

The following table discloses the particulars for each Named Executive Officer all awards outstanding at the end of December 31, 2017:

Outstanding share-based compensation and option-based awards

<i>NEO Name</i>	<i>Option-based Awards</i>				<i>Share-based Awards</i>	
	<i>Number of securities underlying unexercised options (#)</i>	<i>Option exercise price (\$)</i>	<i>Option expiration date</i>	<i>Value of unexercised in-the-money options (\$)⁽¹⁾</i>	<i>Number of shares or units of shares that have not vested (#)</i>	<i>Market of payout value of share-based awards that have not vested (\$)</i>
Patrick Cruickshank	250,000	0.36	May 27, 2021	nil	N/A	N/A
	200,000	0.60	November 14, 2021	nil	N/A	N/A
Daniel Crandall	30,000	1.00	June 11, 2019	nil	N/A	N/A
	45,000	0.60	November 14, 2021	nil	N/A	N/A

(1) The value of unexercised in-the-money options on December 31, 2017 is based on Company's common share price of \$0.28 per share less the granted options exercise price.

Incentive Plan Awards – value vested or earned during the year

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the years ended December 31, 2016 and 2017 for each Named Executive Officer:

<i>Name</i>	<i>Option-based awards – Value vested during the year (\$)</i>	<i>Share-based awards – Value vested during the year (\$)</i>	<i>Non-equity incentive plan compensation – Value earned during the year (\$)</i>
Patrick Cruickshank	Nil	N/A	N/A
Daniel Crandall	Nil	N/A	N/A
Terry Lynch	Nil	N/A	N/A

Termination and Change of Control Benefits

The Company does not have any plan or arrangement to pay or otherwise compensate any Named Executive Officer if his employment is terminated as a result of resignation, retirement, change of control, etc. or if his responsibilities change following a change of control.

Director Compensation

During the financial years ended December 31, 2016 and 2017, the Company had 9 directors, one of which - Terry Lynch, was also a Named Executive Officer for January 1, 2016 to March 29, 2016 and one of which – Patrick Cruickshank, was also a Named Executive Officer March 29, 2016 to December 31, 2017. For a description of the compensation paid to the Company's Named Executive Officers who also acted as directors, see "Summary Compensation Table" above.

The following table sets forth all compensation the Company paid or granted to the Company's directors, in their capacity as directors, or in relation to services provided by them to the Company, other than Named Executive Officer, for the year ended December 31, 2016:

<i>Name</i>	<i>Fees earned</i> ⁽¹⁾ (<i>\$</i>)	<i>Share-based awards</i> (<i>\$</i>) ⁽²⁾	<i>Option-based awards</i> (<i>\$</i>)	<i>Non-equity incentive plan compensation</i> (<i>\$</i>)	<i>Pension value</i> (<i>\$</i>)	<i>All other compensation</i> (<i>\$</i>) ⁽³⁾	<i>Total</i> (<i>\$</i>)
Ian Pirie ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peter Kent	N/A	N/A	24,786 ⁽⁹⁾	N/A	N/A	12,000	36,786
Dan Gosselin ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gary Lohman ⁽⁴⁾	N/A	N/A	103,710 ⁽⁸⁾	N/A	N/A	60,000 ⁽⁷⁾	163,710
Thomas Comfort	N/A	N/A	43,740 ⁽⁹⁾	N/A	N/A	N/A	43,740
Greg McKenzie	N/A	N/A	43,740 ⁽⁹⁾	N/A	N/A	N/A	43,740
Terry Lynch	N/A	N/A	116,640 ⁽⁴⁾	N/A	N/A	108,000 ⁽¹⁰⁾	224,640

(1) Represents all fees awarded, earned, paid or payable in cash for services as a director.

(2) The Company did not grant any share-based awards.

(3) This includes compensation paid to the Company's directors for services provided to the Company. All fees have been in the normal course of operations, and in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

(4) Mr. Gary Lohman became a director May 19, 2016.

(5) Mr. Thomas Comfort and Greg Mckenzie became directors November 10, 2016.

(5) Mr. Dan Gosselin resigned as a director May 19, 2016.

(6) Mr. Ian Pirie resigned as a director November 10, 2016.

(7) This amounts, plus applicable HST, were paid to 2519470 Ontario Inc. for VP exploration services provided to the Company. 2519470 Ontario Inc. is owned and controlled by Mr. Gary Lohman.

(8) The fair value of the options granted has been estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2016	2017
Risk-free rate	0.82%	N/A
Expected dividend yield	0%	N/A
Expected stock price volatility	191%	N/A
Expected life of options	5 years	N/A

(9) The fair value of the options granted has been estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2016	2017
Risk-free rate	0.96%	N/A
Expected dividend yield	0%	N/A
Expected stock price volatility	196%	N/A
Expected life of options	5 years	N/A

(10) This amounts, plus applicable HST, were paid to Punchcast Inc. for executive services provided to the Company. Punchcast Inc. was owned and controlled by Mr. Terry Lynch.

The following table sets forth all compensation the Company paid or granted to the Company's directors, in their capacity as directors, or in relation to services provided by them to the Company, other than Named Executive Officer, for the year ended December 31, 2017:

<i>Name</i>	<i>Fees earned</i> ⁽¹⁾ (<i>\$</i>)	<i>Share-based awards</i> (<i>\$</i>) ⁽²⁾	<i>Option-based awards</i> (<i>\$</i>) ⁽⁴⁾	<i>Non-equity incentive plan compensation</i> (<i>\$</i>)	<i>Pension value</i> (<i>\$</i>)	<i>All other compensation</i> (<i>\$</i>) ⁽³⁾	<i>Total</i> (<i>\$</i>)
Peter Kent	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gary Lohman	N/A	N/A	N/A	N/A	N/A	96,000 ⁽⁶⁾	96,000
Thomas Comfort	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Greg McKenzie	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Les Mallard	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Terry Lynch	N/A	N/A	N/A	N/A	N/A	144,000 ⁽⁷⁾	144,000

- (1) Represents all fees awarded, earned, paid or payable in cash for services as a director.
- (2) The Company did not grant any share-based awards.
- (3) This includes compensation paid to the Company's directors for services provided to the Company. All fees have been in the normal course of operations, and in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.
- (4) The Company did not grant any option-based awards.
- (5) Mr. Les Mallard became a director October 17, 2017.
- (6) This amounts, plus applicable HST, were paid to 2519470 Ontario Inc. for VP exploration services provided to the Company. 2519470 Ontario Inc. is owned and controlled by Mr. Gary Lohman.
- (7) This amounts, plus applicable HST, were paid to Punchcast Inc. for executive services provided to the Company. Punchcast Inc. was owned and controlled by Mr. Terry Lynch.

Narrative Discussion

The Company currently does not pay directors who are not employees or officers of the Company for attending directors meetings or for serving on committees. The Company has no arrangements, standard for otherwise, pursuant to which directors are compensated by the Company for their services as directors, for committee participation, or for involvement in special assignments during the most recently completed financial year. None of the Company's directors have received any cash compensation for services provided in their capacity as directors during the Company's most recently completed financial year. Some Directors have from time to time however been engaged in a consulting capacity by the Company.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders. The Company granted stock options to the Directors during the most recently completed financial year.

Share-based awards, option based awards and non-equity incentive plan compensation

Incentive Plan Awards

The following table discloses the particulars for each director for awards outstanding at December 31, 2016:

Outstanding share-based awards and option-based awards

<i>Name</i>	<i>Option –based awards</i>				<i>Share-based awards</i>	
	<i>Number of securities underlying unexercised options (#)</i>	<i>Option exercise price (\$)</i>	<i>Option expiration date</i>	<i>Value of unexercised in-the-money options (\$)⁽¹⁾</i>	<i>Number of share or units of shares that have not vested (#)</i>	<i>Market of payout value of share-based awards that have not vested (\$)</i>
Peter Kent	60,000	1.00	June 11, 2019	N/A	N/A	N/A
	42,500	0.60	November 14, 2021	5,950	N/A	N/A
Terry Lynch	200,000	1.00	June 11, 2019	N/A	N/A	N/A
	200,000	0.60	November 14, 2021	28,000	N/A	N/A
Gary Lohman	150,000	0.36	May 27, 2021	57,000	N/A	N/A
	37,500	0.60	November 14, 2021	5,250	N/A	N/A
Greg McKenzie	75,000	0.60	November 14, 2021	10,500	N/A	N/A
Thomas Comfort	75,000	0.60	November 14, 2021	10,500	N/A	N/A

(1) The value of unexercised in-the-money options on December 31, 2016 is based on Company’s common share price of \$0.74 per share less the granted options exercise price.

The following table discloses the particulars for each director for awards outstanding at December 31, 2017:

Outstanding share-based awards and option-based awards

<i>Name</i>	<i>Option –based awards</i>				<i>Share-based awards</i>	
	<i>Number of securities underlying unexercised options (#)</i>	<i>Option exercise price (\$)</i>	<i>Option expiration date</i>	<i>Value of unexercised in-the-money options (\$)⁽¹⁾</i>	<i>Number of share or units of shares that have not vested (#)</i>	<i>Market of payout value of share-based awards that have not vested (\$)</i>
Peter Kent	60,000	1.00	June 11, 2019	nil	N/A	N/A
	42,500	0.60	November 14, 2021	nil	N/A	N/A
Terry Lynch	200,000	1.00	June 11, 2019	nil	N/A	N/A
	200,000	0.60	November 14, 2021	nil	N/A	N/A
Gary Lohman	150,000	0.36	May 27, 2021	nil	N/A	N/A
	37,500	0.60	November 14, 2021	nil	N/A	N/A
Greg McKenzie	75,000	0.60	November 14, 2021	nil	N/A	N/A
Thomas Comfort	75,000	0.60	November 14, 2021	nil	N/A	N/A
Les Mallard	None	N/A	N/A	N/A	N/A	N/A

- (1) The value of unexercised in-the-money options on December 31, 2017 is based on Company's common share price of \$0.28 per share less the granted options exercise price.

Incentive Plan Awards – value vested or earned during the year

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the years ended December 31, 2016 and 2017 for each director who was not also a Named Executive Officer:

<i>Name</i>	<i>Option-based awards – Value vested during the year (\$)⁽¹⁾</i>	<i>Share-based awards – Value vested during the year (\$)</i>	<i>Non-equity incentive plan compensation – Value earned during the year (\$)</i>
Ian Pirie	Nil	N/A	N/A
Peter Kent	Nil	N/A	N/A
Dan Gosselin	Nil	N/A	N/A
Gary Lohman	Nil	N/A	N/A
Thomas Comfort	Nil	N/A	N/A
Greg McKenzie	Nil	N/A	N/A
Terry Lynch	Nil	N/A	N/A
Les Mallard	Nil	N/A	N/A

- (1) The options were vested immediately on the date of grant and assumes that the vested options were exercised on the vesting date.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has an incentive stock option plan under which stock options are granted. Stock options have been determined by the Company's directors and are only granted in compliance with applicable laws and regulatory policy. The policies of the TSX Venture Exchange ("**Exchange**") limit the granting of stock options to directors, officers, employees and bona fide consultants of the Company and provide limits on the length, number and exercise price of such options. The Exchange also requires annual approval of option plans by shareholders where the option plan is considered a "Rolling Plan" as set out under Exchange policies. The Company will propose that its option plan be ratified and approved by shareholders at the Meeting, as it is considered to be a "Rolling Plan".

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2016.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,712,500	\$0.64	170,932
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,712,500	\$0.64	170,932

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2017.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,800,000	\$0.64	331,839
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,800,000	\$0.64	331,839

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our directors or executive officers, proposed nominees for election as directors, or associates of any of them, is or has been indebted to the Company or our subsidiaries at any time since the beginning of the most recently completed financial year and no indebtedness remains outstanding as at the date of this Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of our last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of our subsidiaries, other than as disclosed under the headings “Executive Compensation” and “Particulars of Matters to be Acted On”.

An “informed person” means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, our voting securities or who exercises control or direction over our voting securities or a combination of both carrying more than 10 percent of the voting rights attached to all our outstanding voting securities other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if we have purchased, redeemed or otherwise acquired any of our securities, so long as we hold any of our securities.

AUDIT COMMITTEE

Under this heading, the Company is including the disclosure required by Form 52-110F2 of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”).

Audit Committee Charter

The Audit Committee Charter was adopted by the Company’s Audit Committee and the Board of Directors. The text of the Audit Committee Charter was attached as Schedule “A” to the Company’s information circular dated September 15, 2016 for a previous annual general meeting of shareholders, and can be viewed under the Company’s profile on the SEDAR website at www.sedar.com.

Composition of the Audit Committee

As of October 22, 2018 the following are the members of the Audit Committee:

Les Mallard	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Thomas Comfort	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Greg McKenzie	Independent ⁽¹⁾	Financially Literate ⁽¹⁾

(1) As that term is defined in NI 52-110.

Relevant Education and Experience

The educational background or experience of the following audit committee members has enabled each to perform his responsibilities as an Audit Committee member and has provided the member with an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves as well as experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities and an understanding of internal controls and procedures for financial reporting.

Les Mallard

Les is a graduate from The University of Prince Edward Island with a BA in Economics. He has spent 30+ years in the Canadian Produce Industry employed in various capacities with Chiquita Canada and Chiquita Brands North America. Retiring from Chiquita in 2017, he has started Mallard Produce Solutions, a produce consulting company focused on providing North American and Latin American clients business solutions to expand their market potential. Les is on the Board of Directors for the Canadian Produce Marketing Association.

Thomas Comfort

After graduating from University of Texas with BSME, Tom was commissioned in the United States Navy and served 6 years. His specialty was as a Nuclear Propulsion Officer where he finished his career on the USS Carl Vinson. After leaving the Navy, Tom moved back to Austin and completed his MBA at The University of Texas - Austin. For the past 10+ years Tom has excelled at Dell Computers running the Americas in Environmental Asset Recovery. His main focus now is Private Equity opportunities in alternative assets.

Greg McKenzie

Greg McKenzie is a senior investment banker with more than 20 years of experience in financing, M&A, financial advisory, valuation, and strategic advice to mid-cap companies. Mr. McKenzie has been involved in transactions valued in excess of \$18 billion.

Mr. McKenzie has held positions with Morgan Stanley, CIBC World Markets and Haywood Securities. Mr. McKenzie worked on Wall Street and also practiced law with a leading Canadian securities and M&A law firm.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of our most recently completed financial year have we relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit), the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), the exemption in subsection 6.1.1(5) (*Events Outside of Control of Member*), or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to the Company by the Company's external auditor. Aside from the above, the Audit Committee has not adopted any other specific policies and procedures for engaging of non-audit services under the Company's Audit Committee Charter.

External Auditor Service Fees (By Category)

The table below sets out all fees billed by our external auditor in each of the last two financial years. In the table “Audit Fees” are fees billed by our external auditor for services provided in auditing our financial statements for the financial 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 performing the audit or reviewing our 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 previous categories.

Financial Year Ending	Audit Fees/ Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2017	\$19,500	\$2,000	\$Nil
December 31, 2016	\$19,000	\$2,000	\$Nil

Exemption

We are relying upon the exemption in section 6.1 of NI 52-110, which exempts issuers whose shares are listed only on the Exchange from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*).

APPOINTMENT OF AUDITOR

Our Audit Committee recommends the re-appointment of UHY McGovern Hurley LLP, Chartered Professional Accountants, of Toronto, Ontario, as our auditor to hold office until our next annual general meeting. UHY McGovern Hurley LLP, Chartered Professional Accountants was first appointed as auditor in March 2015. We propose that the Board of Directors be authorized to set the remuneration to be paid to the auditor. Unless otherwise instructed, the proxies solicited by management will be voted for the appointment of UHY McGovern Hurley LLP, Chartered Professional Accountants, as our auditor.

CORPORATE GOVERNANCE

The following is the disclosure we are required to provide under National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

Board of Directors

The Board of Directors facilitates its independent supervision over management through regular meetings of the Board, both with and without members of the Company’s management (including members of management who are also directors) being in attendance.

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is 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.

As of the date of this Information Circular, the independent members of the Board of Directors are Peter Kent, Les Mallard, Thomas Comfort and Greg McKenzie. The non-independent directors are Terry Lynch (CEO), Patrick Cruickshank (former CEO), Gary Lohman (former VP Exploration) and Michael Sharry (President).

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

Directorships

Certain of the directors and officers of the Company are also directors and/or officers of other reporting issuers (or equivalent in a foreign jurisdiction) as follows:

Name of Director/Officer	Other Reporting Issuer (or equivalent in a foreign jurisdiction)
Terry Lynch	Cardiol Therapeutics Inc. since 2018
Peter Kent	N/A
Patrick Cruickshank	N/A
Gary Lohman	N/A
Greg McKenzie	N/A
Thomas Comfort	N/A
Les Mallard	N/A
Michael Sharry	N/A

Orientation and Continuing Education

The Board of Directors is responsible for providing orientation for all new recruits to the Board. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director. We provide continuing education for our directors as the need arises and encourages open discussion at all meetings, which format encourages learning by the directors.

Ethical Business Conduct

The Board of Directors relies on the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law to ensure the Board operates independently of management and in the best interests of the Company. The Board of Directors has found that these, combined with the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest, have been sufficient.

Nomination of Directors

The Board of Directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board of Directors does not have a nominating committee. The Board of Directors is responsible for recruiting new members to the Board and planning for the succession of Board members.

Compensation

The Board of Directors is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO of the Company and the directors, and for reviewing the CEO's recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. Please see above under "Executive Compensation – Compensation Discussion and Analysis" for further information.

Other Board Committees

The Board of Directors does not have any committees other than the Audit Committee.

Assessments

The Board annually reviews its own performance and effectiveness as well as reviews the Audit Committee Charter and recommends revisions as necessary. Neither the Company nor the Board has adopted formal procedures to regularly assess the Board, the Audit Committee or the individual directors as to their effectiveness and contribution. Effectiveness is subjectively measured by comparing actual corporate results in prevailing industry and market climate conditions with stated objectives. The contributions of individual directors are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board of Directors monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board.

The Board believes its corporate governance practices are appropriate and effective for the Company, given our size and operations. Our corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON

No informed person of the Company, proposed nominee for election as a director of the Company, or associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the beginning of our last financial year or in any proposed transaction, which has materially affected or will materially affect the Company or any of our subsidiaries, other than as disclosed under the headings "Executive Compensation" and "Particulars of Matters to be Acted On".

PARTICULARS OF MATTERS TO BE ACTED ON

Shareholder Approval of Stock Option Plan

In accordance with Policy 4.4 of the Exchange, Stock Option Plans which are "Rolling Plans" must receive shareholder approval at each annual general meeting of a company. The Company established its existing Stock Option Plan October 25, 2012. The Company last received shareholder approval for its Stock Option Plan on November 10, 2016. The Company is therefore seeking shareholder approval of the Company's stock option plan (the "**Plan**") which reserves a maximum of 10% of the issued shares of the Company at the time of any stock option grant (this feature constitutes the "rolling aspect" as noted below). The purpose of the Plan is to provide incentives to employees, directors, officers, and consultants

who provide services to the Company and to influence the cash compensation the Company would otherwise have to pay.

The Plan complies with the current policies of the Exchange. Under the Plan, a maximum of 10% of the issued and outstanding common shares of the Company are proposed to be reserved at any time for issuance on the exercise of stock options. Since the number of common shares reserved for issuance under the Plan increases with the issue of additional common shares of the Company, the Plan is considered to be a "Rolling Plan".

Management is seeking shareholder approval for the Plan in accordance with and subject to the rules and policies of the Exchange.

Terms of 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. The following is a summary of the material terms of the Plan.

The Plan provides that the Company's Board of Directors may from time to time, in its discretion, and in accordance with the Exchange's requirements, grant to directors, officers and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance does not exceed 10% of the common shares of the Company at the time of the stock option grant. Individual stock option grants must comply with the terms of the Plan and the policies of the Exchange as they relate to the minimum exercise price, hold periods, vesting and filing requirements.

The Plan provides that:

- (a) options will be non-assignable and non-transferable except that they will be exercisable by the personal representative of the option holder in the event of the option holder's death, if exercised within one year of the optionee's death;
- (b) options may be exercisable for a maximum of 10 years from the date of grant;
- (c) options to acquire no more than 5% of the issued common shares of the Company may be granted to any one individual in any 12 month period;
- (d) options to acquire no more than 2% of the issued common shares of the Company may be granted to any one consultant in any 12 month period;
- (e) options to acquire no more than an aggregate of 2% of the issued common shares of the Company may be granted to persons retained to conduct Investor Relations Activities (as defined in Exchange Policy 1.1), in any 12 month period;
- (f) disinterested shareholder approval must be obtained for any reduction in the exercise price if the optionee is an insider of the Company at the time of the proposed amendment;
- (g) for stock options granted to Employees, Consultants or Management Company Employees (as defined in Exchange Policy 4.4), the Company represents that the optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be; and
- (h) for stock options granted to any optionee who is a Director, Employee, Consultant or Management Company Employee, the option must expire within a reasonable period following

the date the option holder ceases to be a Director, Employee, Consultant or Management Company Employee.

The Company may grant options provided that the number of common shares reserved for issuance does not exceed 10% of the common shares of the Company at the time of the stock option grant.

Our directors believe that the Plan is in the Company's best interests and recommend that the shareholders approve the Plan. Accordingly, the shareholders will be asked to consider and, if thought fit, pass the following ordinary resolution:

"IT IS RESOLVED, as an ordinary resolution that subject to TSX Venture Exchange (the **"Exchange"**) approval:

1. The Company adopt and confirm its existing stock option plan (the **"Plan"**), including the reserving for issuance under the Plan at any time of a maximum of 10% of the issued common shares of the Company;
2. The Company is authorized to grant stock options under the Plan, in accordance with its terms;
3. The Company is authorized to prepare such disclosure documents and make such submissions and filings as the Company may be required to make with the Exchange to obtain Exchange acceptance of the Plan; and
4. Authority is granted to the Board of Directors of the Company to make such amendments to the Plan as are required by the Exchange to obtain Exchange acceptance of the Plan."

It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies FOR the ordinary resolution authorizing the Company's stock option plan.

Shareholder Approval of Shares for Debt

In March 2018, the Company entered into a settlement agreement with Mr. Patrick Cruickshank, former CEO of the Company, and his personal holding company, Royal Stewart Capital Corp. (together referred to as **"Mr. Cruickshank"**), under which the Company agreed to issue certain common shares to Mr. Cruickshank in consideration of severance pay (the **"Settlement Agreement"**). The Exchange approved certain of the shares issuable to Mr. Cruickshank in accordance with the Exchange Bulletin of May 14, 2018, but a total of 476,577 shares issuable to Mr. Cruickshank are subject to shareholder approval.

Subsequent to the Exchange Bulletin, on May 18, 2018, the Company consolidated its shares on the basis of 4 old shares for one new share. Accordingly, all of the Company's outstanding securities and share issuance obligations were consolidated accordingly. Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve the issuance of 119,144 (post-consolidated) shares to Mr. Cruickshank, under the Settlement Agreement. None of Mr. Cruickshank or his associates may vote their shares in respect of this resolution. Accordingly, the Company estimates that 1,405,375 shares will be excluded from voting, being the shares owned by Mr. Cruickshank and his associates.

"IT IS RESOLVED, as an ordinary resolution of disinterested shareholders that:

1. The Company is authorized to issue up to an aggregate of 119,144 common shares of the Company to Mr. Cruickshank in accordance with the Settlement Agreement; and

2. Any one director or officer of the Company is authorized to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with these resolutions, the execution of any such document or the doing of any such other act or thing by a director or officer of the Company being conclusive evidence of such determination.”

It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies FOR the ordinary resolution authorizing the share issuance to Mr. Cruickshank.

Shareholder Approval of Advance Notice Policy

Most Canadian public companies take great care when considering new nominees for election as directors. However, despite these efforts companies are at risk of having unknown, unproven and, at times, undesirable director candidates nominated directly from the floor at shareholder meetings without any advance notice or disclosure to shareholders or management. There is no statutory or common law requirement in Canada that shareholders be given advance notice or information concerning director nominees that are nominated from the floor.

To avoid this situation, the Board of Directors on October 4, 2018, approved the adoption of the Advance Notice Policy, which requires advance notice to the Company in circumstances where nominations of a person or persons for election to the Board are made by Shareholders other than pursuant to: (i) a requisition for a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia) (the “Act”); or (ii) a Shareholder proposal made pursuant to the provisions of the Act approved the adoption of the Advance Notice Policy. The policy is in line with TSX guidelines on the development of such policies.

Among other things, the Advance Notice Policy fixes a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special general meeting of Shareholders and sets forth the information that a Shareholder must include in the notice to the Company for the notice to be in proper written form. The Advance Notice Policy provides that the directors may, in their sole discretion, waive any requirement of the Advance Notice Policy.

In the case of an annual general meeting of Shareholders, notice to the Company must be made not less than 30 nor more than 65 days prior to the date of the annual general meeting; provided, however, that in the event that the annual general meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual general meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement, which includes the filing of a document on the Company’s SEDAR profile.

In the case of a special general meeting of Shareholders (which is not also an annual general meeting), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special general meeting was made.

The full text of the Advance Notice Policy is attached as Schedule “A” to this Information Circular.

The Advance Notice Policy is effective as of the date it was approved by the directors, and the Company is seeking ratification of the Advance Notice Policy by an ordinary resolution of the Shareholders at the Meeting. In the event that the Advance Notice Policy is not ratified at the Meeting, the Advance Notice Policy will be void and of no further force or effect as of the termination of the Meeting.

The text of the ordinary resolution to ratify the Advance Notice Policy to be considered and, if thought fit, approved at the Meeting is substantially as follows:

“IT IS RESOLVED, as an ordinary resolution that:

1. The Advance Notice Policy adopted by the directors of the Company on October 4, 2018 is ratified and approved as a policy of the Company; and
2. Any one director or officer of the Company is authorized to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with these resolutions, the execution of any such document or the doing of any such other act or thing by a director or officer of the Company being conclusive evidence of such determination.”

It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies FOR the ordinary resolution ratifying and approving the Advance Notice Policy.

OTHER BUSINESS

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, the persons named in the enclosed form of proxy intend to vote the shares represented thereby in accordance with their best judgement on that matter.

ADDITIONAL INFORMATION

Additional information about the Company is located on SEDAR at www.sedar.com. The financial statements and Management’s Discussion and Analysis are also available on SEDAR. Shareholders may request copies of our financial statements and Management’s Discussion and Analysis by writing to the CFO, Daniel Crandall, at the following address: CHILEAN METALS INC. Suite 202 – 82 Richmond Street East, Toronto, Ontario M5C 1P1

BY ORDER OF THE BOARD

CHILEAN METALS INC.

(signed) “Terry Lynch”

Terry Lynch, CEO and Director

SCHEDULE “A” – ADVANCE NOTICE POLICY

INTRODUCTION

Chilean Metals Inc. (the “**Company**”) is committed to: (i) facilitating an orderly and efficient process for the election of directors at annual general and special meetings; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all director nominees; and (iii) allowing shareholders to register an informed vote after having been afforded reasonable time for appropriate deliberation.

The purpose of this advance notice policy (the “**Policy**”) is to provide shareholders, directors and management of the Company with a clear framework for nominating directors of the Company. This Policy establishes a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual general or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

It is the position of the board of directors of the Company (the “**Board**”) that this Policy is in the best interests of the Company, its shareholders and other stakeholders. This policy will be subject to an annual review by the Board, and will reflect changes as required by securities regulatory authorities or stock exchanges, or so as to meet industry standards from time to time.

NOMINATIONS OF DIRECTORS

1. Only persons who are eligible under the *Business Corporations Act* (British Columbia) (the “**Act**”) and who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. At any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors, nominations of persons for election to the Board may be made only:
 - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the Act, or pursuant to a requisition of the shareholders made in accordance with the provisions of the Act; or
 - (c) by any person (a “**Nominating Shareholder**”):
 - (i) who, at the close of business on the date of the giving of the notice provided for below in this Policy and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
 - (ii) who complies with the notice procedures set forth below in this Policy.
2. In addition to any other requirements under applicable law, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Chief Executive Officer of the Company in accordance with paragraph 7.
3. To be timely, a Nominating Shareholder’s notice to the Chief Executive Officer of the Company must be made:

- (a) in the case of an annual general meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first Public Announcement (as defined in paragraph 6 of this Policy) of the date of the annual general meeting was made (the “**Notice Date**”), notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual general meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first Public Announcement of the date of the special meeting of shareholders was made.

In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described above.

4. To be in proper written form, a Nominating Shareholder’s notice to the Chief Executive Officer of the Company must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
 - (i) the name, business address and residential address of the person;
 - (ii) the current principal occupation, business or employment of the person, the name and principal business of any company in which such employment is carried on, and similar information as to all the principal occupations, businesses or employments within the five preceding years;
 - (iii) the class and number of shares in the capital of the Company which are directly or indirectly controlled or directed or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
 - (iv) any other information relating to the person that would be required to be disclosed in a proxy circular or a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined in paragraph 6 of this Policy) (including such person’s written consent to being named in the proxy circular as a nominee and to serving as a director if elected); and
- (b) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to

serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Policy; provided, however, that nothing in this Policy shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act or at the discretion of the Chairman. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions of this Policy and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
6. For purposes of this Policy:
 - (a) **"Public Announcement"** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com; and
 - (b) **"Applicable Securities Laws"** means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each relevant province and territory of Canada.
7. Notwithstanding any other provision of this Policy, notice given to the Chief Executive Officer of the Company pursuant to this Policy may only be given by personal delivery or by facsimile transmission, and shall be deemed to have been given and made only at the time it is served by personal delivery to the Chief Executive Officer at the mailing address on the Company's SEDAR profile or sent by facsimile transmission to the fax number on the Company's SEDAR profile (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Policy.

EFFECTIVE DATE

This Policy was approved and adopted by the Board on October 4, 2018 (the "**Effective Date**") and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date. Notwithstanding the foregoing, if this Policy is not approved by ordinary resolution of shareholders of the Company present in person or voting by proxy at the next meeting of those shareholders validly held following the Effective Date, then this Policy shall terminate and be void and of no further force and effect following the termination of such meeting of shareholders.