



MANAGEMENT INFORMATION CIRCULAR

as at March 23, 2020

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of **Blue Star Gold Corp.** (the “**Company**”) for use at the annual general and special meeting (the “**Meeting**”) of its shareholders to be held on Wednesday, April 29, 2020 at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.

In this Circular, references to “the Company”, “we” and “our” refer to Blue Star Gold Corp. “common shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold common shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

THE COMPANY IS HOLDING ITS MEETING BY TELECONFERENCE ONLY DUE TO THE COVID-19 PANDEMIC AND GOVERNMENT ORDERS TO MAINTAIN SOCIAL DISTANCING. NO VOTES WILL BE ACCEPTED AT THE TELECONFERENCE MEETING. SHAREHOLDERS WHO WISH TO ENSURE THAT THEIR COMMON SHARES WILL BE VOTED, MUST COMPLETE, DATE AND EXECUTE THE ENCLOSED FORM OF PROXY, OR ANOTHER SUITABLE FORM OF PROXY, AND DELIVER IT BY HAND, BY MAIL OR BY FAX IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT IN THE FORM OF PROXY AND IN THE CIRCULAR ACCOMPANYING THIS NOTICE. FOR GREATER CLARITY, PROXIES NEED TO BE RECEIVED BY THE COMPANY BEFORE THE PROXY-CUT OFF DATE OF 11:00 A.M., VANCOUVER TIME ON MONDAY, APRIL 27, 2020.

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 for intermediaries to forward the meeting materials to beneficial owners of common shares held as of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you 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.**

The only methods by which you may appoint a person as proxy are submitting a Proxy by mail, hand delivery or fax.

Voting by Proxyholder

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 persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,

- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, or where both choices have been specified, in favour of all matters described herein, the persons named in the Proxy will vote the common shares represented by the Proxy for the approval of such matter.

Notice and Access

The Company is not sending this Circular to registered or beneficial shareholders using “notice-and-access” as defined under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”).

Registered Shareholders

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

- (a) completing, dating and signing the enclosed form of Proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), by mail or by hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to a toll-free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy form for the holder’s account number and the Proxy control number; or
- (c) using the Internet through Computershare’s website at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy form for the holder’s account number and the Proxy control number.

In all cases ensuring 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.

Should you wish to contact Computershare, please refer to the following:

General Shareholder Inquiries:

By phone:	1-800-564-6253
By fax:	1-866-249-7775
By email:	service@computershare.com
By regular mail:	Computershare Investor Services Inc. 100 University Avenue, 8 th Floor Toronto, Ontario, M5J 2Y1

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold common shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of common shares).

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

If common shares are listed in an account statement provided to a shareholder by a broker, 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 names of the shareholder's broker or an agent of that broker. 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).

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for "**Non-Objecting Beneficial Owners**").

Pursuant to National Instrument 54-101 of the Canadian Securities Administrators, the Company is sending proxy-related materials directly to NOBOs, which materials will include a scannable Voting Instruction Form (a "**VIF**"). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and Internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

Management of the Company does not intend to pay for intermediaries to forward to OBOs under National Instrument 54-101 the proxy-related materials and Form 54-101F7 *Request for Voting Instructions Made by Intermediary*, and, in the case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Every intermediary that mails proxy-related materials to Beneficial Shareholders has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their common shares are voted at the Meeting.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a voting instruction form (the "**Broadridge VIF**") which will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. The Broadridge VIF will appoint the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **If you receive a Broadridge VIF, you cannot use it to vote common shares directly at the Meeting – the Broadridge VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the common shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your common shares in that capacity. **If you wish to attend at the Meeting and indirectly vote your common shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.**

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your common shares.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by:

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the address of the registered office of the Company at Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the Registered Shareholder's common shares.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year end 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 election of directors, the appointment of the auditor and as set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Company has fixed March 23, 2020 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their common shares voted at the Meeting.

The Company is authorized to issue an unlimited number of common shares without par value. As of the Record Date, there were 131,378,075 common shares issued and outstanding, each carrying the right to one vote. Other than as set out below, no group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares.

Except as disclosed below, to the knowledge of the directors and executive officers of the Company, as at the Record Date, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company:

Name of Shareholder	Number of Common Shares Held	Percentage of Common Shares Outstanding⁽¹⁾
Dr. Georg Pollert	24,477,771	18.63%

(1) Based on 131,378,075 common shares issued and outstanding as at the Record Date.

The audited financial statements for the years ended November 30, 2018 and November 30, 2019, reports of the auditor and related managements and discussion and analysis were filed on www.sedar.com on March 22, 2019 and March 11, 2020, respectively, with the securities commissions or similar regulatory authority in British Columbia, Alberta and Ontario and are specifically incorporated by reference into, and form an integral part of, this Circular.

Copies of the financial statements incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company at Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, telephone: (604) 682-2928, or are available through the internet at www.sedar.com.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until

all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

SETTING NUMBER OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at five (5). The Board proposes that the number of directors remain at five (5). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at five (5).

ELECTION OF DIRECTORS

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of common shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name of Nominee; Current Position with the Company, Province and Country of Residence	Occupation, Business or Employment⁽¹⁾	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled⁽¹⁾
Judy Baker⁽²⁾⁽³⁾ Ontario, Canada <i>Director</i>	Geological Engineer and Businesswoman. Founder and CEO of Argo Gold Inc. and founder of Superior Copper and Canada Lithium.	December 17, 2018	Nil
Klaus Georg Schmid⁽²⁾ Fischerbach, Germany <i>Director</i>	Banker for Sparkasse in Haslach/Black Forest.	December 17, 2018	377,000
Dr. Georg Pollert⁽³⁾ Berlin, Germany <i>Director</i>	Independent consulting Chemical Engineer. Former head of process technology and technical marketing for fatty acids and glycerol for Still Otto in Bochum. Former member of the executive management team of Feld & Hahn in Bendorf. Founder of Verbio AG.	December 17, 2018	24,477,771
Robert James Metcalfe⁽³⁾ Ontario, Canada <i>Director</i>	Lawyer. Senior partner of Lang Michener LLP for 20 years. Former President and CEO of Armadale Properties and legal counsel to Armadale Group of Companies.	May 15, 2015	Nil
Kenneth R. Yurichuk⁽²⁾ Ontario, Canada <i>Director</i>	Senior partner at Bobot & Yurichuk LLP, a chartered accounting firm since 1982.	May 15, 2015	Nil

(1) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise indicated, each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years. The number of common shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by the nominees themselves.

(2) Member of audit committee (the "**Audit Committee**").

(3) Member of the corporate governance and compensation committee (the "**Corporate Governance and Compensation Committee**").

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Except as disclosed below, to the best of the Company's knowledge, as at the date of this Circular, and within the last 10 years before the date of this Circular, no proposed director (or any of their personal holding companies) of the Company was a director, CEO or CFO of any company (including the Company) that:

- (a) was subject to a cease trade or similar order ("CTO") or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO; or
- (b) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, CEO or CFO in the company and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Robert James Metcalfe was a director of Xinerdy Ltd., a U.S. producer of metallurgical and thermal coal in West Virginia. On April 6, 2015, as a result of the collapse of the entire coal industry in North America, Xinerdy became the subject of a CTO and Xinerdy filed voluntary petitions in the Western District of Virginia, Roanoke Division. Xinerdy continued to operate while it went through an in court voluntary reorganization plan, from which it has now successfully emerged as a fully operating private company.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is as at the date of this Circular or has been within 10 years before the date of this Circular, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

None of the proposed directors (or any of their personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITOR

Smythe LLP, Chartered Professional Accountants, of Suite 1700, 475 Howe Street, Vancouver, British Columbia, V6C 2B3, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the Board. Smythe LLP, Chartered Professional Accountants, were appointed the auditor of the Company on May 13, 2009.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee's Charter

The Audit Committee has a charter. A copy of the Audit Committee charter is attached hereto as Schedule "A".

Composition of the Audit Committee

The current members of the Audit Committee are Kenneth R. Yurichuk (Chair), Klaus Georg Schmid and Judy Baker. All members of the Audit Committee are considered to be financially literate.

None of the Audit Committee members are executive officers of the Company and, therefore, are independent members of the Audit Committee.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgement.

A member of the Audit Committee is considered 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.

Relevant Education and Experience

The following describes the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member:

Kenneth R. Yurichuk has served as a senior partner at Bobot & Yurichuk LLP, a chartered accounting firm since 1982. He has served as a director and officer of a number of private and public companies involved in a wide range of industries including mining, real estate development, investment and manufacturing. Mr. Yurichuk is a past board member and Audit Committee Chair of NovaDx Ventures Corp., Emgold Mining Corp., ValGold Resources Ltd., and Paragon Minerals Corp. He has served as a director of Mavrix Fund Management Inc. and as a director of Matrix Balanced Income funds, a subsidiary of Growth Works Ltd. as well as a number of resource funds.

Klaus Georg Schmid has been a banker for more than 45 years, primarily in corporate and investment banking in Germany and, in particular, for Sparkasse in Haslach/Black Forest. Mr. Schmid studied at the Administrative and Business Academy Freiburg, Germany. He continued with ongoing certifications and achieved the highest level of licensed certifications which allows him to run a bank.

He was one of the first investors in EURASIA Holding. This company has supported the development of Osisko on an ongoing basis in Canada from the early beginnings. Through his investments in numerous resource companies he is familiar with the junior markets, particularly in Europe and North America.

Judy Baker is the founder and CEO of Argo Gold Inc. and has 25 years of experience in capital markets including equity analysis, restructuring, fund management, and mineral exploration and mining company activity. Ms. Baker is also the founder of Superior Copper and Canada Lithium. She holds an Honours B.Sc. Geological Engineering in Mineral Resources Exploration from Queen's University (1990) and an M.B.A. from Ivey Business School (1995).

Each member of the Company's present and proposed Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) 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 individuals engaged in such activities; and

- (c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor.

Reliance on Certain Exemptions

The Company's auditors, Smythe LLP, Chartered Professional Accountants, have not provided any material non-audit services.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Smythe LLP, Chartered Professional Accountants, to the Company to ensure auditor independence. The following table outlines the fees incurred with Smythe LLP, Chartered Professional Accountants, who were appointed auditors of the Company on May 13, 2009 for audit and non-audit services in the last two fiscal years:

<u>Nature of Services</u>	<u>Fees Paid to Auditor in Year Ended November 30, 2018</u>	<u>Fees Paid to Auditor in Year Ended November 30, 2019</u>
Audit Fees ⁽¹⁾	\$26,520	\$18,220
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$2,500	\$3,500
All Other Fees ⁽⁴⁾	Nil	Nil
Total:	\$29,020	\$21,720

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

Since the commencement of the Company's most recently completed financial year, the Company has not relied on exemptions for "*de minimis* non-audit services" in Section 2.4 of NI 52-110 or any exemption from NI 52-110 granted under Part 8 of such instrument. The Company is relying on the exemption in Section 6.1 of NI 52-110, which provides that venture issuers are exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

CORPORATE GOVERNANCE

General

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a

reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board of the Company is committed to sound corporate governance practices; as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

The following provides information with respect to the Company's compliance with the corporate governance requirements (the "**Corporate Governance Guidelines**") of the Canadian Securities Administrators set forth in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NP 58-101**") and Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

Effective March 27, 2015, the Board adopted the Corporate Governance Policies so as to address the issues raised in NP 58-101. A copy of the Corporate Governance Policies was filed on SEDAR at www.sedar.com on May 11, 2015 and is specifically incorporated by reference into, and forms an integral part of, this Circular.

Board of Directors

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 Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its Audit Committee, the Board examines the effectiveness of the Company's internal control processes and management information systems. The plenary Board reviews executive compensation and recommends stock option grants.

The independent members of the Board are Robert James Metcalfe, Kenneth R. Yurichuk, Judy Baker and Klaus Georg Schmid.

The non-independent member of the Board is Dr. Georg Pollert. Dr. Pollert owns a material interest in the Company, and, therefore, does not meet the definition of independence as set forth in NI 52-110.

The following directors of the Company are directors of other reporting issuers:

Name of Director	Name of Other Reporting Issuer
Judy Baker	Argo Gold Inc. (formerly Arbitrage Exploration Inc.)
Robert James Metcalfe	BetterLife Pharma Inc. Gran Colombia Gold Corp. Medcolcanna Organics Inc.

Mandate of the Board of Directors

The Company's Articles of Incorporation set out the responsibilities, powers and duties of directors. Additionally, the Board is governed by the requirements of applicable corporate and securities law which provide that the Board has responsibility for the stewardship of the Company. Stewardship includes responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

Strategic planning and risk identification by the Board is assisted by and based on information and recommendations of the senior management of the Company on a variety of matters including opportunities for the Company and project status.

The Board monitors the Company's compliance with its timely disclosure obligations and reviews principal disclosure documents (such as prospectuses, offering memoranda, financial statements, management's discussion & analysis, annual reports and annual information forms) and members of the Board review secondary disclosure documents (such as press releases) prior to their distribution. The Board relies on its Audit Committee to discuss, as needed, the Company's systems of internal financial control with the Company's external auditor. The Board determines compensation for the directors and CEO.

Description of Roles

The Board has not established written descriptions of the positions of Chairman or Lead Director of the Board, CEO or chair of any of the committees of the Board, as it feels they are unnecessary and would not improve the function and performance of the Board, CEO or the respective committees. To date, roles have been delineated by the nature of the overall responsibilities of the Board (in the case of the Chair or Lead Director of the Board) or the committee charter (in the case of a chair of a committee). The Board intends to establish written position descriptions for the Chairman, CEO and the chair of each committee of the Board as part of the next phase of the Company's growth. Additionally, charters have been or will be created for the operation of the Board and each of its committees.

Orientation and Continuing Education

The Board and the Company's senior management conduct orientation programs for new directors. The orientation programs include presentations by management to familiarize new directors with the Company's projects, its strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct and ethics, its principal officers, its internal and independent auditors and its outside legal advisors. In addition, the orientation program includes a review of the Company's expectations of its directors in terms of time and effort, a review of the directors' fiduciary duties and to the extent practical, visits to Company headquarters and certain of the Company's significant facilities.

To enable each director to better perform their duties and to recognize and deal appropriately with issues that arise, the Company provides the directors with suggestions to undertake continuing director education, the cost of which is borne by the Company.

Ethical Business Conduct

As part of its responsibility for the stewardship of the Company, the Board seeks to foster a culture of ethical conduct by striving to ensure the Company carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board:

- has adopted a Code of Business Conduct and Ethics (the "**Code**") setting out the guidelines for the conduct expected from directors, officers and employees of the Company. A copy of the Code was filed on SEDAR at www.sedar.com on May 11, 2015. Compliance with the Code is achieved as follows: each director is responsible for ensuring that they individually comply with the terms of the Code; the Board is responsible for ensuring that the directors, as a group, and all officers comply with the Code; and the executive officers of the Company are responsible for ensuring compliance with the Code by employees. Since the beginning of the Company's last financial year, it has not filed a Material Change Report relating to any conduct of a director or executive officer that constitutes a departure from the Code.
- has established a written "Whistleblower Policy" which details complaint procedures for financial concerns as further described below under "Complaints". A copy of the Whistleblower Policy was filed on SEDAR at www.sedar.com on May 11, 2015.
- encourages management to consult with legal and financial advisors to ensure the Company is meeting its corporate governance requirements and obligations.
- is cognizant of the Company's timely disclosure obligations and reviews material disclosure documents such as financial statements, management's discussion & analysis and press releases prior to distribution.

- relies on its Audit Committee to discuss, as needed, the Company's systems of internal financial control with the Company's external auditor.
- actively monitors the Company's compliance with the Board's directives and ensures that all material
- transactions are reviewed and authorized by the Board before being undertaken by management.

In addition, the Board must comply with the conflict of interest provisions of governing corporate legislation, relevant securities regulatory instruments and stock exchange policies (which require that interested directors recuse themselves from the consideration of, and voting on, such matters) to ensure its directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Complaints

The Audit Committee has established a written "Whistleblower Policy" which creates procedures for the confidential and anonymous submission by employees of complaints and concerns regarding the Company's accounting, auditing and financial reporting procedures and obligations, without fear of retaliation of any kind.

The Whistleblower Policy provides that if an employee has any information, complaints or concerns regarding such matters being questionable, incorrect, misleading or fraudulent they are urged under the Policy to present such information, complaints or concerns to the Audit Committee, without regard to the position of the persons responsible for the subject matter of the information, complaint or concern. Promptly following the receipt of any information, complaints and concerns submitted to it, the Audit Committee investigates each matter and takes appropriate corrective actions.

The Audit Committee retains as part of its records, any information, complaints or concerns received. Furthermore, it maintains a written record of all such reports or inquiries and reports quarterly on any on-going investigations and steps taken to satisfactorily address each complaint.

Nomination of Directors

The Board does not currently have a nominating committee. The Board does not feel it is necessary to increase the number of directors on the Board at this time. When the Board considers it necessary to increase its size, it may consider whether a nominating committee comprised of the independent directors of the Board, needs to be formed to recommend appointees and assess directors on an on-going basis.

Any new appointees or nominees to the Board must have a favourable track record in general business management, special expertise in areas of strategic interest to the Company, the ability to devote the time required and a willingness to serve as a director.

Other Board Committees

In addition to the Audit Committee, the Board has established a Corporate Governance and Compensation Committee to provide a focus on corporate governance with the goal of enhancing corporate performance and to ensure on behalf of the Board and shareholders that the Company's corporate governance system is effective in the discharge of its obligations to the Company's shareholders. The current members of the Corporate Governance and Compensation Committee are Dr. Georg Pollert, Robert James Metcalfe and Judy Baker.

Assessments

The Board is also responsible for regularly assessing its effectiveness and that of its committees and the individual directors on an on-going basis. The Board has not established any formal procedures to regularly assess the Board itself, its committees or the individual directors with respect to their effectiveness and contributions.

COMPENSATION OF EXECUTIVE OFFICERS

Executive Compensation

In this section “Named Executive Officer” (“NEO”) means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

During the years ended November 30, 2018 and 2019, the Company had the following NEOs: Stephen Wilkinson, the President and CEO of the Company, Zara Kanji, the former CFO of the Company who resigned subsequent to the most recent financial year ended November 30, 2019 and Wayne Moorhouse, former CFO of the Company who resigned on August 31, 2018.

Compensation Discussion and Analysis

This report has been prepared by the Board. The Board assumes responsibility for reviewing and monitoring the compensation for the senior management of the Company and as part of that mandate determines the compensation of the CEO and CFO.

The Company has not engaged the services of an independent compensation consultant, for the purpose of establishing an executive compensation policy. The Company, at this time, has no current dataset of comparable salaries with which to establish a competitive and comparable compensation structure.

The Board has not proceeded to a formal evaluation of the implications of risks associated with the Company’s compensation policies and practices. The Board intends to formally review the risks, if any, associated with the Company’s compensation policies and practices at least annually.

Due to the small size of the Company and the current level of the Company’s activity, the Board is able to closely monitor and consider any risks which may be associated with the Company’s compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company’s compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors have purchased such financial instruments.

Philosophy and Objectives

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- a) attracting and retaining talented, qualified and effective executives;
- b) motivating the short and long-term performance of these executives; and
- c) better aligning their interests with those of the Company’s shareholders.

Resources permitting, in compensating its senior management, the Company has employed a combination of base salary, bonus compensation and equity participation through its stock option plan (the “**Plan**”).

Base Salary

In the view of the Board, paying base salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information

on companies earning comparable revenues in a similar industry is compiled from a variety of sources, including publicly available surveys conducted by independent consultants and national and international publications.

Cash Incentive Compensation

The Company's primary objective is to aim to achieve certain strategic objectives and milestones. The Board approves executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. There were no bonuses paid to any of the NEOs during the most recently completed fiscal year.

Equity Participation

The Board believes that encouraging its executives and employees to become shareholders is an effective way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's Plan. Stock options are granted to senior executives taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options granted to senior executives generally vest immediately.

Given the evolving nature of the Company's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Compensation of the NEOs

The compensation of each of the NEOs is approved annually by the Board. Base cash compensation and variable cash compensation levels are based on any market survey data available to the Board and the Board's collective knowledge of compensation in the resource industry.

Option-Based Awards

The Company has in place its Plan which was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the board of directors based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the board of directors. The Plan is administered by the directors of the Company and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

The Board reviews the grants of stock options on an annual basis. All stock options granted during the year vested upon grant. The following options remain valid and outstanding as of the date of this Circular:

See Particulars of Matters to be Acted Upon – Approval of Amended Stock Option Plan for further information on the Company's Plan.

Summary Compensation Table

Name and Principal Positions	Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards \$(6)	Non-equity incentive plan compensation ⁽³⁾ (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Stephen Wilkinson ⁽²⁾ President and CEO	2019	102,000	Nil	Nil	Nil	Nil	Nil	Nil	102,000
	2018	99,840	Nil	Nil	Nil	Nil	Nil	Nil	99,840
	2017	108,000	Nil	Nil	Nil	Nil	Nil	Nil	108,000
Wayne Moorhouse ⁽³⁾ Former CFO	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	56,160	Nil	Nil	Nil	Nil	Nil	Nil	56,160
	2017	81,000	Nil	Nil	Nil	Nil	Nil	Nil	81,000
Zara Kanji ⁽⁴⁾ Former CFO	2019	74,310	Nil	Nil	Nil	Nil	Nil	Nil	74,310
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Financial years ended November 30.

(2) Stephen Wilkinson has served as President and CEO of the Company since May 15, 2015.

- (3) Wayne Moorhouse served as CFO of the Company from December 15, 2014 to August 31, 2018.
(4) Zara Kanji served as CFO of the Company from October 10, 2018 to January 1, 2020.

Incentive Plan Awards

Outstanding Option-Based Awards

Pursuant to the Plan, the Company may grant up to 10% of the issued and outstanding common shares of the Company. As at the Record Date, there were 12,675,000 stock options granted and outstanding under the Plan.

The following table sets out all option-based awards outstanding as at November 30, 2018 and 2019 for each NEO. There were no share-based awards granted to any of the NEOs:

Option-based Awards				
Name and Principal Positions	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾⁽²⁾
Stephen Wilkinson President and CEO	900,000	\$0.10	Aug. 19/20	Nil
	1,100,000	\$0.06	Oct. 17/24	Nil
Wayne Moorhouse Former CFO	Nil	N/A	N/A	N/A
	Nil	N/A	N/A	N/A
Zara Kanji Former CFO	Nil	N/A	N/A	N/A
	Nil	N/A	N/A	N/A

- (1) This amount is based on the difference between the market value of the securities underlying the options on November 29, 2019, which was \$0.045, being the last trading day of the common shares for the financial year and the exercise price of any outstanding options.
(2) This amount is based on the difference between the market value of the securities underlying the options on November 30, 2018, which was \$0.025, being the last trading day of the common shares for the financial year and the exercise price of any outstanding options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested during the financial years ended November 30, 2018 and 2019 for options awarded under the Plan for the NEO, as well as the value earned under non-equity incentive plans for the same period.

Name	Year ⁽¹⁾	Option-based awards- Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Stephen Wilkinson President and CEO	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil
Wayne Moorhouse Former CFO	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil
Zara Kanji Former CFO	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil

- (1) Financial years ended November 30.

Termination and Change of Control Benefits

There are no compensatory plans or arrangements with respect to any NEO resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of an NEO's responsibilities following a change in control.

Director Compensation

In addition to any director fees, directors who are also employees of the Company or provide consulting services to the Company are remunerated in accordance with their individual written employment or consulting agreements. The compensation provided to directors and former directors, excluding directors who are included in disclosure for NEO, for the financial years ended November 30, 2018 and 2019 was:

Name of Director	Year ⁽¹⁾	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Dr. Georg Pollert ⁽²⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robert James Metcalfe ⁽³⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kenneth R. Yurichuk ⁽⁴⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Judy Baker ⁽⁵⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Klaus Georg Schmid ⁽⁶⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Allan Fabbro ⁽⁷⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	56,160	Nil	Nil	N/A	N/A	N/A	56,160
Ian Graham ⁽⁸⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Financial years ended November 30.

(2) Dr. Pollert has served as a director of the Company since December 17, 2018.

(3) Mr. Metcalfe has served as a director of the Company since May 15, 2015.

(4) Mr. Yurichuk has served as a director of the Company since May 15, 2015.

(5) Ms. Baker has served as a director of the Company since December 17, 2018.

(6) Mr. Schmid has served as a director of the Company since December 17, 2018.

(7) Mr. Fabbro served as a director of the Company from February 1, 2009 to December 17, 2018.

(8) Mr. Graham served as a director of the Company from December 1, 2014 to December 17, 2018.

Outstanding Option-Based Awards

The following table sets forth for each director, other than those who are also NEOs of the Company, all awards outstanding at the end of the most recently completed financial years ended November 30, 2019 and 2018:

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾⁽²⁾
Dr. Georg Pollert	1,000,000	\$0.06	Oct. 17/24	Nil
Robert James Metcalfe	300,000	\$0.10	Aug. 19/20	Nil
	1,500,000	\$0.06	Oct. 17/24	Nil

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾⁽²⁾
Kenneth R. Yurichuk	300,000	\$0.10	Aug. 19/20	Nil
	1,500,000	\$0.06	Oct. 17/24	Nil
Judy Baker	600,000	\$0.06	Oct. 17/24	Nil
Klaus Georg Schmid	600,000	\$0.06	Oct. 17/24	Nil
Allan Fabbro	Nil	N/A	N/A	N/A
Ian Graham	Nil	N/A	N/A	N/A

- (1) This amount is based on the difference between the market value of the securities underlying the options on November 29, 2019, which was \$0.045, being the last trading day of the common shares for the financial year and the exercise price of any outstanding options.
- (2) This amount is based on the difference between the market value of the securities underlying the options on November 30, 2018, which was \$0.025, being the last trading day of the common shares for the financial year and the exercise price of any outstanding options.

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.

The Company has its Plan for the granting of incentive stock options to the directors, officers, employees and consultants. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors, officers, employees and consultants and to closely align the personal interests of such persons to that of the shareholders.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each director, other than those who are also NEOs of the Company, the value of all incentive plan awards vested during the financial years ended November 30, 2018 and 2019:

Name	Year ⁽¹⁾	Option-based awards- Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Dr. Georg Pollert	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil
Robert James Metcalfe	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil
Kenneth R. Yurichuk	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil
Judy Baker	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil
Klaus Georg Schmid	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil
Allan Fabbro	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil
Ian Graham	2019	Nil	Nil	Nil
	2018	Nil	Nil	Nil

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out equity compensation plan information as at the year ended November 30, 2018, utilizing the Plan:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	3,300,000	\$0.10	9,660,030
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total:	3,300,000	N/A	9,660,030

The following table sets out equity compensation plan information as at the year ended November 30, 2019, utilizing the Plan:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	10,450,000	\$0.06	762,807
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total:	10,450,000	N/A	762,807

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or who at any time during the last financial year was a director or executive officer or employee of the Company, a proposed nominee for election as a director of the Company or an associate of any such director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Company or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the Company's last completed financial year, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Except as set out herein, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Approve Amended Stock Option Plan

On January 7, 2020, the Board approved amendments to the Company's Plan (the "**Amended Plan**") which included, among other matters, authority of the Board to extend, at their discretion, the expiration date of options granted to directors and officers of the Company by up to one year from the date they cease to be a director or officer of the Company.

The policies of the TSX Venture Exchange (the "**Exchange**" or "**TSX-V**") require all of its listed companies to have a stock option plan if a company intends to grant options. The Amended Plan also incorporates, among other matters, provisions concerning the new requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options. Options granted under the Amended Plan are not exercisable for a period longer than ten years and the exercise price must be paid in full upon exercise of the option. As a 10% rolling plan the aggregate number of common shares issuable as options under the Amended Plan may be up to 10% of the Company's issued and outstanding common shares on the date on which an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the Amended Plan. The purpose of the Amended Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of common shares of the Company. The Amended Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees (an "**Optionee**"). As at the date of this Circular, there are 12,675,000 options outstanding.

Eligible Optionees

To be eligible to receive a grant of options under the Amended Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant or an employee of a company providing management or other services to the Company or a subsidiary at the time the option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an option grant. If the option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect.

Restrictions

The Amended Plan is subject to the following restrictions:

- (a) The Company must not grant an option to a director, employee, consultant, or consultant company (the "**Service Provider**") in any 12-month period that exceeds 5% of the outstanding common (on a non-diluted basis) less the aggregate number of common shares reserved for issuance to such person under any other option to purchase common shares from treasury granted as a compensation or incentive mechanism;
- (b) The aggregate number of options granted to a Service Provider conducting investor relations activities in any 12 month period must not exceed 2% of the outstanding shares calculated at the date of the grant, less the aggregate number of common shares reserved for issuance to such persons under any other Share Compensation Arrangement (defined below), unless the consent of Exchange is first obtained;
- (c) The Company must not grant an option to a Consultant in any 12 month period that exceeds 2% of the outstanding shares calculated at the date of the grant of the option, less the aggregate number of common shares reserved for issuance to Consultants pursuant to any other Share Compensation Arrangement, unless the consent of the Exchange is first obtained;
- (d) The aggregate number of common shares reserved for issuance under options granted to Insiders (defined below) must not exceed 10% of the outstanding shares (on a non-diluted basis) less the aggregate number of common shares reserved for issuance to Insiders under any other Share Compensation Arrangement;

- (e) The number of optioned shares issued to Insiders in any 12 month period must not exceed 10% of the outstanding shares at the time of the grant (on a non-diluted basis) less the aggregate number of common shares reserved for issuance to Insiders under any other Share Compensation Arrangement;
- (f) The number of optioned shares issued to Insiders within a 12 month period shall be 10% of the common shares outstanding at the time of the issuance (on a non-diluted basis), excluding common shares issued under the Plan or any other Share Compensation Arrangement over the preceding one year period. The maximum number of common shares which may be issued to any one Insider and such Insider's associates under the Plan within a one year period shall be 5% of the common shares outstanding at the time of the issuance (on a non-diluted basis), excluding common shares issued to such Insider under the Plan or any other Share Compensation Arrangement over the preceding one year period;
- (g) The issuance to any one Optionee within a 12 month period of a number of common shares must not exceed 5% of outstanding shares at the time of the grant (on a non-diluted basis) less the aggregate number of common shares reserved for issuance to such person under any other option to purchase common shares from treasury granted as a compensation or incentive mechanism;
- (h) The exercise price of an option previously granted to an Insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval at a general meeting of the shareholders of the Company to do so; and
- (i) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

Definitions

“Disinterested Shareholder Approval” means the approval by a majority of the votes cast by all shareholders of the Company at the Meeting excluding votes attached to listed common shares beneficially owned by Insiders (defined below) of the Company and Associates (as defined in the British Columbia *Securities Act*) of Insiders.

An **“Insider”** is a director, or senior officer of the Company, a director or senior officer of a company that is an Insider or subsidiary of the Company, or a person that beneficially owns or controls, directly or indirectly, voting common shares carrying more than 10% of the voting rights attached to all outstanding voting common shares of the Company.

“Share Compensation Arrangement” means any stock option, stock option plan, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of common shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise.

Material Terms of the Amended Plan

The following is a summary of the material terms of the Amended Plan:

- (a) persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the Amended Plan;
- (b) all options granted under the Amended Plan expire on a date not later than 5 years after the issuance of such options or such lesser period as the regulations made pursuant to the Amended Plan may require;
- (c) for options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) an Option granted to Service Providers will expire 30 days after the date the Optionee ceases to be employed by or provide services to the Company, unless the options are extended for any director or officer

as set out in section 1.3(b)(iii) of the Amended Plan, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;

- (e) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) the exercise price of each option is subject to a minimum price of \$0.10 per common share, the option price shall not be less than the closing price (the "**Market Price**") of the common shares on the Exchange immediately preceding the day on which the Board grants and provides notice to the Exchange of the Option(s), less the discount to the Market Price permitted by the Exchange;
- (g) vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or its affiliates during the vesting period;
- (h) options granted to Consultants providing investor relations activities shall vest at a minimum over a period of 12 months with no more than 1/4 of such Options vesting in any 3 month period;
- (i) options, other than options granted to Consultants providing investor relations services, shall vest immediately if the Company is acquired or taken over through a merger, takeover or acquisition transaction
- (j) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Amended Plan with respect to all Amended Plan shares in respect of options which have not yet been granted under the Amended Plan.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the Amended Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the Amended Plan also provide the following:

The Board may, without shareholder approval:

- (i) amend the Amended Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the Amended Plan, if applicable;
- (iii) change the termination provision of an option granted under the Amended Plan if it does not entail an extension beyond the original expiry date of such option;
- (iv) make such amendments to the Amended Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (v) make such amendments as may otherwise be permitted by regulatory authorities;
- (vi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX-V, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (vii) amend the Amended Plan to reduce the benefits that may be granted to Service Providers.

Shareholder Approval and Acceptance by the Exchange

The Amended Plan is subject to the acceptance by the shareholders of the Company and by the Exchange. At the Meeting, shareholders will be asked to consider and vote on the ordinary resolution to adopt the Amended Plan, with or without variation, as follows:

“UPON MOTION DULY MADE, IT WAS RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Company’s amended 10% rolling stock option plan (the “Amended Plan”) dated January 7, 2020 be ratified, confirmed and approved, subject to any amendments that may be required by any applicable stock exchange or regulatory authority, as the directors of the Company may deem necessary or advisable.
2. All outstanding options granted previously by the Company be rolled into the Amended Plan.
3. To the extent permitted by law, the Company be authorized to abandon all or any part of the Amended Plan if the directors of the Company deem it appropriate and in the best interests of the Company to do so.
4. Any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to these resolutions.”

The Board recommends that shareholders vote in favour of the Amended Plan. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing ordinary resolution.

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

A copy of the Amended Plan will be available for inspection at the Company's registered and records offices at Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, and will also be available for viewing at the Meeting.

Adoption of New Articles

The Company is seeking shareholder approval to replace its articles dated April 13, 2007 (the “**Current Articles**”) with a new form of articles (the “**New Articles**”), with a view to incorporating the latest changes in laws and procedures and to providing the Company with greater flexibility in certain circumstances. The Board believes that adopting the New Articles will enable the Company to be more efficient and cost-effective, will provide the Company with greater flexibility in communicating with shareholders and in holding meetings and will provide shareholders with certain rights not provided for in the Current Articles.

The resolution approving the adoption of the New Articles may be passed by a simple majority of the votes cast by the shareholders present in person or by proxy at the Meeting.

Summary of the New Articles

The provisions of the New Articles are substantially similar to those of the Current Articles. The substantive changes from the Current Articles are as follows:

- (a) The Company may use the uncertificated shares and electronic records keeping systems currently in use worldwide and that are being increasingly adopted in Canada. The system, now known as the “Direct Registration” system, will provide a cost benefit to the Company as well as make share transactions more expedient and efficient.
- (b) The Company may communicate by mail, fax or email with other persons including directors, officers and shareholders, and delivery of notices to such persons shall be deemed to have occurred if the notice is mailed, faxed or emailed to the address or number, as applicable, provided by such person to the Company.
- (c) In the event of a redemption of some but not all of the shares of any class, the directors may, subject to any special rights and restrictions attached to such shares, determine the manner of selecting the shares to be redeemed.

- (d) The Company may, by directors' resolution, alter its articles and share structure to (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares, (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established, (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares, (d) if the Company is authorized to issue shares of a class of shares with par value (i) decrease the par value of those shares; or (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares; (e) change all or any of its unissued shares, or fully paid issued, shares with par value into shares without par value or any of its unissued shares share without par value into shares with par value; and (f) alter the identifying name of any of its shares; and by ordinary resolution otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act* (British Columbia).
- (e) The quorum for shareholders' meetings is changed from two shareholders, present in person or represented by proxy, who hold at least 5% of the issued and outstanding shares, to one shareholder present in person or represented by proxy.
- (f) Shareholder meetings may, if authorized by directors' resolution, be held in jurisdictions outside British Columbia.

Shareholder Approval and Exchange Acceptance

At the Meeting, the shareholders of the Company will be asked to pass the following ordinary resolution:

“UPON MOTION DULY MADE, IT WAS RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. Subject to the acceptance by the TSX Venture Exchange (“Exchange”), the Company create and adopt new Articles in substitution for and cancellation of the existing Articles.
2. Any director or officer of the Company is authorized to execute and file such documents and take such further action, including any filings with the Exchange and B.C. Registrar of Companies, that may be necessary to effect the adoption of the New Articles.

The New Articles must be accepted by the Exchange pursuant its policies. The New Articles shall have effect immediately on the date and time the New Articles are deposited for filing in the Company's records office.

A copy of the proposed New Articles will be available for inspection at the Company's registered and records offices at Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, and will also be available for viewing at the Meeting.

The Board recommends that shareholders vote in favour of the adoption of the amended Articles. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing ordinary resolution.

Issuance of Bonus Shares Pursuant to Loan Agreement

On December 19, 2018, March 10, 2019 and May 7, 2019, the Company entered into loan agreements (the “**Loan Agreements**”) with Dr. Georg Pollert, a director of the Company, for aggregate principal amounts of \$250,000 each (the “**Loan**”). Each Loan Agreement is for a term of 2 years, is unsecured and bears an annual simple interest of 7.5%.

Subject to the approval of the Exchange and Disinterested Shareholder Approval, the Company has agreed to issue up to 3,000,000 common shares (the “**Bonus Shares**”) at a deemed price of \$0.05 per Bonus Share to Dr. Pollert. The value of the Bonus Shares will equal 20% of the Loan.

On November 21, 2019, the Company entered into a loan agreement with Dr. Georg Pollert (the “**Loan**”). The Loan principal amount is \$2,435,542 (received on December 10, 2019). The Loan has a term of three years and bears

interest at 3% per annum. In relation to the Loan, the Company intends to issue up to 7,871,084 bonus shares to Dr. Georg Pollert which was approved by TSX-V on November 26, 2019.

As of the date of this Circular, Dr. Pollert holds 24,477,771 common shares of the Company representing 18.63% of the issued and outstanding common shares on a non-diluted basis. Dr. Pollert also holds 1,000,000 stock options, \$2,200,000 convertible debentures (the “**Debentures**”) and 44,000,000 common share purchase warrants (the “**Warrants**”) representing approximately 52.91% ownership on a fully-diluted basis, assuming exercise of the stock options, Debentures and Warrants.

Each Debenture bears an interest rate of 7.5% calculated annually. The interest is payable in advance for each year from the date of issuance such that the first year’s interest will be payable on the first day after the date of issuance. Subject to the approval of the Exchange and until November 26, 2022, the interest payment will be satisfied through the issuance of common shares of the Company to Dr. Pollert in a number that is equivalent to a simple annual interest rate of 7.5% based on the market price of the Company’s common shares at each due date.

The Debentures are convertible into common shares of the Company, at no additional consideration to Dr. Pollert, at a price of \$0.05 per common share during the first year and \$0.10 per common share during the second and third years.

Each Warrant is exercisable into common shares of the Company at an exercise price of \$0.075 per common share until November 26, 2022.

At the annual general and special meeting of the Company held on December 17, 2018, the Company received shareholder approval to Dr. Pollert becoming a Control Person (as defined by the policies of the Exchange) of the Company. A Control Person is defined by the Exchange as any company or individual that holds more than a sufficient number of any securities of the Company so as to affect materially the control of the Company or that holds more than 20% of the outstanding voting securities of the Company. In order to comply with Exchange policies, shareholder approval is required at every meeting until such time of the creation of a Control Person

The Company intends to issue the Bonus Shares to Dr. Pollert resulting in Dr. Pollert holding over 20% of the outstanding voting securities of the Company on a non-diluted basis and over 50% of the outstanding voting securities of the Company on a fully diluted basis. Accordingly, at the Meeting, Disinterested Shareholder Approval (as previously defined above) will be asked to consider an ordinary resolution approving the issuance of the Bonus Shares which may be issued to Dr. Pollert upon conversion of the Loan Agreements.

“UPON MOTION DULY MADE, IT WAS RESOLVED AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS THAT:

1. Subject to the approval of the Exchange, the Company is authorized to proceed with the issuance of up to 3,000,000 common shares (the “**Bonus Shares**”) of the Company at a deemed price of \$0.05 per Bonus Share to Dr. Georg Pollert.
2. Subject to the approval of the Exchange, Dr. Pollert, as a control person of the Company be ratified, confirmed and approved, subject to any amendments that may be required by any applicable stock exchange or regulatory authority, as the directors of the Company may deem necessary or advisable.
3. Any director or officer of the Company is authorized to execute and file such documents and take such further action, including any filings with the Exchange and execution of the treasury orders, that may be necessary to effect the issuance of the Bonus Shares to Dr. Pollert.”

The Board recommends that the Disinterested Shareholders vote in favour of the issuance of the Bonus Shares to Dr. Pollert. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing ordinary resolution.

ADDITIONAL INFORMATION

Additional information relating to the Company is available for review by the public on SEDAR at www.sedar.com and may also be obtained by a shareholder upon request without charge from the Corporate Secretary of the

Company at Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, telephone: (604) 682-2928; fax (604) 685-6905.

Financial information is provided in the Company's comparative audited financial statements of the Company for the years ended November 30, 2018 and 2019, and in the related Management Discussion and Analysis.

OTHER MATTERS

The Board is not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Circular.

SCHEDULE “A”

BLUE STAR GOLD CORP.

(the “Company”)

AUDIT COMMITTEE CHARTER

Article 1 – Mandate and Responsibilities

The Audit Committee is appointed by the board of directors of the Company (the “Board”) to oversee the accounting and financial reporting process of the Company and audits of the financial statements of the Company. The Audit Committee’s primary duties and responsibilities are to:

- a. recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- b. recommend to the Board the compensation of the external auditor;
- c. oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- d. pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company’s external auditor;
- e. review the Company’s financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;
- f. be satisfied that adequate procedures are in place for the review of all other public disclosure of financial information extracted or derived from the Company’s financial statements, and to periodically assess the adequacy of those procedures;
- g. establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- h. review and approve the Company’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

The Board and management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

Article 2 – Pre-Approval of Non-Audit Services

The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company’s external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee’s responsibilities to management.

Article 3 – External Advisors

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company’s expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

Article 4 – External Auditors

The external auditors are ultimately accountable to the Audit Committee and the Board, as representatives of the shareholders. The external auditors will report directly to the Audit Committee. The Audit Committee will:

- a. review the independence and performance of the external auditors and annually recommend to the Board the nomination of the external auditors or approve any discharge of external auditors when circumstances warrant;
- b. approve the fees and other significant compensation to be paid to the external auditors;
- c. on an annual basis, review and discuss with the external auditors all significant relationships they have with the Company that could impair the external auditors' independence;
- d. review the external auditors' audit plan to see that it is sufficiently detailed and covers any significant areas of concern that the Audit Committee may have;
- e. before or after the financial statements are issued, discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants;
- f. consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting;
- g. resolve any disagreements between management and the external auditors regarding financial reporting;
- h. approve in advance all audit services and any non-prohibited non-audit services to be undertaken by the external auditors for the Company; and
- i. receive from the external auditor's timely reports of:
 1. all critical accounting policies and practises to be used;
 2. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors; and
 3. other material written communications between the external auditors and management.

Article 5 – Legal Compliance

On at least an annual basis, the Audit Committee will review with the Company's legal counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

Article 6 – Complaints

Individuals are strongly encouraged to approach a member of the Audit Committee with any complaints or concerns regarding accounting, internal accounting controls or auditing matters. The Audit Committee will from time to time establish procedures for the submission, receipt and treatment of such complaints and concerns. In all cases the Audit Committee will conduct a prompt, thorough and fair examination, document the situation and, if appropriate, recommend to the Board appropriate corrective action.

To the extent practicable, all complaints will be kept confidential. The Company will not condone any retaliation for a complaint made in good faith.