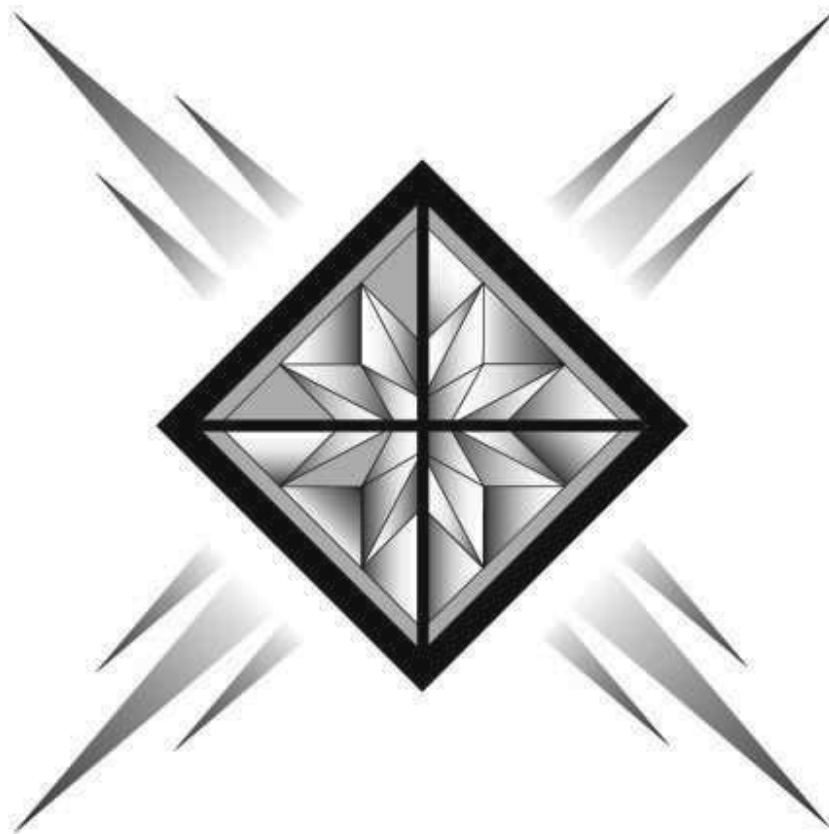


# **TALMORA DIAMOND INC.**

## **NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS**

**AND**

## **MANAGEMENT INFORMATION CIRCULAR**



May 20, 2020



## MESSAGE TO THE SHAREHOLDERS

In conjunction with our partner, Olivut Resources Ltd. (“Olivut”), a great deal was accomplished during 2019 on our Seahorse Project despite challenges arising from extremely unpredictable weather patterns throughout the field season.

Olivut successfully completed the helimag geophysical program during April and May 2019. The survey work was conducted over multiple anomalies previously identified from regional geophysics.

During August and September 2019 six holes were drilled to test certain regional geophysical targets that had been confirmed and further delineated by the detailed helimag program. The holes were drilled to a maximum depth of 316’ using a reverse circulation, heli portable drill.

Beneath tills, each of the holes intersected varying depths of a distinct homogeneous, extremely fine-grained clay that did not appear to be derived from the dolomite country rock that is exposed proximal to the targets. Down hole drilling conditions were exceptionally challenging, as was the recovery of drill sample material, due primarily to the nature of these intersected clays.

Preliminary visual inspection, as well as further microscopic examination of many of the collected samples, could not specifically identify the host rock from which the clay material is derived. Subsequently, whole rock and multi-element geochemical results returned complex chemistry characterised by elevated Rare Earth Element content. Further analysis is ongoing to relate these findings to till samples taken down-ice in the general region. These rare earth levels are generally higher than, or consistent with, levels of rare earths detected in clays found to occur over some identified kimberlites in some locations of the world (e.g. western Australia and Namibia). None of these findings can be explained by the exposed country dolomitic rocks in the area. Talmora’s initial reaction to this data was that the clay could represent an intensely weathered kimberlite.

To determine the potential presence of any kimberlitic indicator minerals, bulk samples from five drill holes, each consisting mostly of the homogeneous clay, were submitted for heavy mineral concentration. Chromites, ilmenites (some manganese bearing) and abundant pseudorutile (an alteration product of ilmenite which is common in intensely weathered kimberlite) are present. While the chromites and manganese bearing ilmenites are not unequivocally kimberlitic, some have compositions similar to those found as inclusions in Type 2a diamonds.

A surprising result of the heavy mineral analysis is the number of microfossils and the abundance of various forms of pyrite (some replacing organic material and microfossils) found in the concentrates. Also present are spherules (tiny bead-like features) believed to be associated with a meteorite impact. Microfossils and pyrite associated with anoxic (low

## MESSAGE TO THE SHAREHOLDERS (Continued)

oxygen) conditions require a different explanation for the origin of the clay than intensely altered kimberlite.

Given the results to date, there are a number of possible scenarios that could explain the genesis of these clays and further work is required to obtain more information before arriving at a conclusion. In addition to the drilling program described above, limited regional prospecting was conducted. A large gossan zone was identified on the property that appears to have a strike length of approximately eight kilometres. Very limited sampling was conducted due to budget and fuel constraints. Some of these samples returned trace amounts of gold which may be significant given the limited number of samples collected. The linear gossan zone occurs within the dolomite country rock and likely represents a sulphide bearing fault zone.

Due to its remoteness, the project area must be supplied by small aircraft and helicopter. Olivut is the Operator pursuant to the terms of the previously announced option agreement with Talmora to earn 50%. **Olivut spent \$1,295,256 on the Seahorse Project to October 31, 2019. Olivut must decide whether to exercise its option by July 6, 2020.**

The Coronavirus pandemic and its effects particularly on planning and work in the Northwest Territories will prevent any field work being conducted in 2020. We have been patient and will continue to be until the global economy gets back to normal.

Raymond Davies

20 May 2020

## CORPORATE PROFILE

Talmora Diamond Inc. (Talmora) is a junior exploration company (formed by the amalgamation of Talmora Resources Inc. and Canadian Diamond Limited). Talmora holds 30 claims (2,570.88 ha) and 5 prospecting permits (142,118.28 ha) in the Horton River area south of Paulatuk in the Northwest Territories. The claims were acquired to cover magnetic anomalies that have characteristics of kimberlite pipes.

An orientation survey was carried out in 2004. Follow-up work included airborne magnetic surveys and sampling to outline drill targets. The work shows a close relation between kimberlite indicator minerals and magnetic anomalies. It also showed that the area has been deeply weathered during Eocene global warming when pyrope garnets were destroyed and because of its location on the flank of the unglaciated Melville Hills the weathering was not removed by subsequent erosion.

Assessment work in 2012 included using a small Packsack drill to sample and test thickness of overburden above several magnetic anomalies with characteristics of kimberlite pipes. The drill penetrated through the glacial till to end in clay in three holes. Cuttings of the clay have chemical characteristics of weathered kimberlite and one hole carried anomalous numbers of kimberlite indicator minerals from a local source.

Most of the work done in the Lena West diamond region is now available in government assessment work files and this has been extensively reviewed by Talmora. A kimberlite pathfinder element train has been identified focussed on a large anomaly previously identified by one of Talmora's neighbours as a possible kimberlite but never drilled probably because it is deficient in pyrope garnets that have been destroyed by paleo-weathering. However, the train is characterised by Mn-ilmenites with compositions that match those of inclusions in deep mantle diamonds, picro-ilmenites and chromites that don't extend into the traditional diamond inclusion field but do have low-chrome compositions that match those of inclusions from deep mantle diamonds. In late 2016 Smith, et al. determined that large high value diamonds like the Cullinan, Koh-I-Noor and other famous Golconda stones and large diamonds from Karowe, Botswana and Letseng, Lesotho have a superdeep origin thus establishing a relation between Mn-ilmenite and large stones.

**An agreement was signed on July 6, 2018 granting Olivut the right to earn a 50% interest in part of Talmora's property, namely the Seahorse Project, by spending \$1,200,000 over two years and making a \$200,000 payment to Talmora. Talmora retains a 100% interest in the remainder of its claims.**

## **CORPORATE PROFILE (Continued)**

**Olivut completed a helimag survey on the Seahorse project in 2019. Six holes were drilled to a maximum depth of 316' with a reverse circulation heli portable drill to test regional geophysical targets that had been confirmed and defined by the helimag survey. The drill encountered a very fine grained clay, with elevated rare earth element values, that does not appear to be related to the dolomite country rock. The clay contains chromites and ilmenites (some Mn bearing) that have compositions similar to those found as inclusions in Type 2a diamonds. It also contains micro fossils and spherules believed to be related to a meteorite impact. Results to date require further work before a conclusion can be reached as to the genesis of the clay. Olivut spent \$1,295,256 on the Seahorse Project to October 31, 2019 and must decide whether to exercise its option by July 6, 2020.**

Raymond Davies

20 May 2020

## **TALMORA DIAMOND INC.**

### **NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of Talmora Diamond Inc. (the “**Corporation**”) will be held at 18 King Street East, Suite 902, Toronto, Ontario M5H 1C4 on Wednesday, June 24, 2020 at 11:00 a.m. (Toronto time) for the following purposes:

1. To receive and consider the audited financial statements of the Corporation for the year ended December 31, 2019 together with a report of the auditors thereon;
2. To elect the directors of the Corporation of the ensuing year;
3. To appoint UHY McGovern Hurley LLP, Chartered Professional Accountants as the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
4. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying management information circular.

**Given the evolving situation regarding the unprecedented Public health concerns related to the global COVID-19, the Company encourages all shareholders to vote by proxy. Shareholders are requested to complete, date, sign and return the accompanying form of proxy for use at the Meeting or any adjournments or postponements thereof.**

**Shareholders may participate in the meeting and ask questions, via conference call using the following conference call numbers:**

- Steps to Conference Call: Via Global Crossing
- |  |               |
|--|---------------|
| 1. Dial (Ready Access No. – if calling from within <u>North America</u> ): | 800-747-5150  |
| Dial (Ready Access No. – if calling from within <u>Ireland</u> ):          | 1-800-719-951 |
| 2. Enter (Access Code):  | 3840022       |
| Dial: *0 (at any time to reach a Customer Service Operator)                |               |

To be effective, the enclosed form of proxy must be mailed or faxed so as to reach or be deposited with the Corporation c/o of Talmora Diamond Inc. at 6 Willowood Court, Toronto, Ontario, M2J 2M3, Fax: 416.499.5187 or Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Fax: 888.453.0330 not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

**DATED** at Toronto, Ontario this 20<sup>th</sup> day of May, 2020.

**BY ORDER OF THE BOARD**

(Signed): “*Raymond Davies*”

**RAYMOND DAVIES – PRESIDENT AND  
CHIEF EXECUTIVE OFFICER**

## **TALMORA DIAMOND INC.**

6 Willowood Court  
Toronto, Ontario M2J 2M3

### **MANAGEMENT INFORMATION CIRCULAR**

This management information circular (the “**Circular**”) is furnished in connection with the annual meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of Talmora Diamond Inc. (“**Talmora**” or the “**Corporation**”) to be held on **Wednesday, June 24, 2020 at 11:00 a.m.** (Toronto time) at the offices of **Peterson McVicar LLP, 18, King Street East, Suite 902, Toronto, Ontario, Ontario, M5C 1C4**, and at any continuation thereof after an adjournment.

In this Circular, unless otherwise indicated, all dollar amounts “\$” are expressed in Canadian dollars.

The information contained herein is given as of May 20, 2020, except as otherwise stated.

### **SECTION I - VOTING INFORMATION**

#### **Solicitation of Proxies**

The enclosed proxy is being solicited by or on behalf of the management of the Corporation. The mailing to Shareholders of this Circular will be on or about May 28, 2020. The cost of soliciting proxies will be borne by the Corporation. While most proxies will be solicited by mail only, regular employees of the Corporation may also solicit proxies by telephone or in person. Such employees will receive no additional compensation for these services other than their regular salaries, but will be reimbursed for their reasonable expenses.

The Corporation will provide proxy materials to brokers, custodians, nominees and fiduciaries and will request that such materials be promptly forwarded to the beneficial owners of Common Shares registered in the names of such brokers, custodians, nominees and fiduciaries. The Corporation will reimburse brokers, custodians, nominees and fiduciaries for their reasonable charges and expenses incurred in forwarding proxy materials to beneficial owners of Common Shares.

#### **Voting Common Shares**

The board of directors (the “**Board**”) of Talmora has fixed May 20, 2020 as the record date for the purpose of determining Shareholders entitled to receive notice of the Meeting (the “**Meeting Record Date**”).

The Corporation will prepare, no later than ten (10) days following the Meeting Record Date, a list of Shareholders entitled to vote as of the Meeting Record Date, showing the number of Common Shares held by each such Shareholder. Each person named on the list of Shareholders is entitled to one (1) vote for each Common Share held, except to the extent that: (i) the Shareholder has transferred any Common Shares after the Meeting Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes ownership of those Common Shares and requests not later than ten (10) days before the date of the Meeting that the transferee's name be included on such list before the Meeting, in which case the transferee is entitled to vote those Common Shares at the Meeting.



## **Registered Shareholders**

Registered Shareholders are Shareholders whose Common Shares are held in their own name and they will have received a proxy form in their own name.

## **Non-Registered/Beneficial Shareholders**

Beneficial Shareholders are Shareholders who do not hold their Common Shares in their own name, but rather in the name of a nominee - this could be a bank, trust company, securities broker or other financial institution (and is known as holding in “street form”).

If you are a non-registered Shareholder, there are two (2) ways you can vote your Common Shares held by your nominee. Your nominee is required to seek voting instructions from you in advance of the Meeting in accordance with securities laws, and so you will receive, or will have already received from your nominee, a request for voting instructions or a proxy form for the number of Common Shares you hold. Every nominee has its own mailing procedures and provides its own signing and return instructions. Therefore, please follow them in order to make sure that your Common Shares are voted.

Alternatively, if you wish to vote in person at the Meeting, please insert your own name in the space provided on the “Request for Voting Instructions” or proxy form to appoint yourself as proxyholder and follow the signing and return instructions of your nominee. Non-registered Shareholders who appoint themselves as proxyholders should, at the Meeting, present themselves to a representative of Computershare Investor Services Inc.

## **Appointment of Proxy Holders**

The persons named in the enclosed form of proxy are directors and/or officers of Talmora. A Shareholder has the right to appoint some other person (who need not be a Shareholder) to attend and to act for and on behalf of such Shareholder at the Meeting. To exercise this right, the Shareholder must either insert the name of the desired person in the blank space provided in the proxy and strike out the other names or submit another proper form of proxy and, in either case, deliver the completed proxy by post or other form of delivery to Talmora Diamond Inc. at 6 Willowood Court, Toronto, Ontario, M2J 2M3, Fax: 416.499.5187 or to the transfer agent for the Common Shares, Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Fax: 888.453.0330, in either case to be received not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

All Common Shares represented by a properly executed and deposited proxy will be voted or withheld from voting on the matters identified in the Notice of Meeting in accordance with the instructions of the Shareholder as specified thereon.

**If you have appointed a person who was designated by Talmora to vote on your behalf as provided in the enclosed form of proxy and you do not provide any instructions concerning any matter identified in the Notice of Meeting, the Common Shares represented by such proxy will be voted:**

- (1) FOR the election of the persons nominated for election as directors of Talmora;
- (2) FOR the re-appointment of UHY McGovern Hurley LLP, Chartered Professional Accountants, as auditors of Talmora and to authorize the Board to fix the remuneration of the auditors.

The enclosed form of proxy, when properly signed, confers discretionary authority on the person or persons named to vote on any amendment to matters identified in the Notice of Meeting and on any other matter properly coming before the Meeting. Management of the Corporation is not aware of any such matter; however, if such matter properly comes before the Meeting, the proxies will be voted at the discretion of the person or persons named therein. The persons named in the form of proxy are either officers or directors of Talmora.

### **Revocability of Proxies**

A proxy given pursuant to this solicitation may be revoked at any time prior to its use. A Shareholder who has given a proxy may revoke the proxy by:

- (i) completing and signing a proxy bearing a later date and depositing it at the offices of the Corporation or Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1;
- (ii) depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney either with the Corporation or Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof; or
- (iii) in any other manner permitted by law.

### **Voting Shares and Principal Shareholders**

The authorized capital of the Corporation consists of an unlimited number of Common Shares without par value. As at the date hereof, there were 69,904,801 Common Shares issued and outstanding. Each Common Share carries the right to one (1) vote on any matter properly coming before the Meeting. A quorum for the meeting of Shareholders must have two (2) persons present in person or by proxy.

The following table shows, as of the date of this Circular, each person who is known to the Corporation, or its directors and officers, to beneficially own, directly or indirectly, or to exercise control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted at the meeting.

Name of Shareholder <sup>(1)</sup>	Number of Common Shares <sup>(2)(3)</sup>	Percentage of Common Shares <sup>(2)(3)</sup>
Raymond Davies	23,820,866	33.83%

Notes:

- (1) Mr. Davies is President, CEO and a director of the Corporation.
- (2) The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the Shareholder listed above.
- (3) Based on a total of 70,404, 801 issued and outstanding Common Shares as at the date hereof.

## SECTION II - BUSINESS OF THE MEETING

### 1. Financial Statements and Auditor's Report

The Shareholders will receive and consider the audited financial statements of the Corporation for the fiscal year ended December 31, 2019.

### 2. Election of Directors

The articles of Talmora provide that the Board shall consist of a minimum of three (3) and a maximum of 10 directors. The Board has set the number of directors to be elected at the Meeting at four (4).

The nominees for election as directors of Talmora are listed below. The persons proposed for election are, in the opinion of the Board and management of the Corporation, well qualified to act as directors for the forthcoming year.

Such nominees, if elected, will serve until the next annual meeting of Shareholders or until his/her successor is duly elected or appointed. Management of the Corporation has been informed that each nominee is willing to serve as a director, if elected. Management of the Corporation recommends a vote for all nominees for election as directors of the Corporation.

**Unless the Shareholder has specifically instructed in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld, the persons named in the accompanying proxy will vote FOR the election of the directors named below.**

The following table sets out the names of the four (4) nominees, their principal occupation or employment and the year from which each has continually served as a director of Talmora. The table also sets out, as at the date hereof, the number of Common Shares owned by each of them or over which control or direction is exercised by each of them.

#### NOMINEES FOR ELECTION AS DIRECTORS

Name, Province or State and Country of Residence	Date First Became a Director	Present Principal Occupation	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised <sup>(1)</sup>
Richard M. Hogarth <sup>(2)(3)(4)(5)</sup> <i>Ontario, Canada</i>	January, 2007	Retired stock broker	493,000
Raymond Davies <i>Ontario, Canada</i>	January, 2007	President and Chief Executive Officer of Talmora	23,820,866
Joan Fiset <sup>(2)(3)(4)(5)</sup> <i>Ontario, Canada</i>	January, 2007	Tax Consultant	50,000
Toby Strauss <sup>(2)(3)(4)(5)</sup> <i>Dublin, Ireland</i>	July 20, 2012	Director Merlyn Consulting Ltd.	2,022,000

Notes:

- (1) The information with respect to the Common Shares beneficially owned, controlled or directed is not within the direct knowledge of the Corporation and has been furnished by the respective individuals.
- (2) Member of the Audit Committee. Ms. Fiset is the Chair.
- (3) Member of the Nominating and Corporate Governance Committee. Ms. Fiset is the Chair.
- (4) Member of the Compensation Committee. Ms. Fiset is the Chair.
- (5) Member of the Occupational Health & Safety Committee. Ms. Fiset is the Chair.

As a group, the proposed directors beneficially own, control or direct, directly or indirectly, 26,385,866 Common Shares, representing approximately 37.48% of the issued and outstanding Common Shares as of the date hereof.

***Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No individual set forth in the above table is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

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

No individual set forth in the above table (or any personal holding company of any such individual) is, as of the date of this Circular, or has been within ten (10) years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while such individual was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No individual as set forth in the above table (or any personal holding company of any such individual) has, within the ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual.

No individual set forth in the above table (or any personal holding company of any such individual) 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 regulatory body that would likely
- (c) be considered important to a reasonable investor in making an investment decision.

### 3. Re-Appointment of Auditor

Unless the Shareholder has specifically instructed in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld, the persons named in the accompanying proxy will vote FOR the appointment of UHY McGovern LLP, Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of Shareholders or until a successor is appointed and to authorize the Board to fix the remuneration of the auditors.

## OTHER BUSINESS

The form of proxy accompanying this Circular confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of the Meeting or other matters which may properly come before the Meeting. Management of the Corporation knows of no matter to come before the Meeting or of any amendment or variation to matters identified in the Notice of the Meeting, other than the matters referred to in the Notice of the Meeting. However, if matters not now known to management should properly come before the Meeting, Common Shares represented by proxies solicited by management will be voted on each such matter in accordance with the best judgment of the person voting such Common Shares.

## SECTION III - EXECUTIVE COMPENSATION AND OTHER INFORMATION

### Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Corporation's Chief Executive Officer, Chief Financial Officer, and, if applicable, its three most highly compensated individuals acting as, or in a like capacity as, executive officers of the Corporation whose total compensation for the most recently completed financial year was individually equal to more than \$150,000 (the "NEOs" or "**Named Executive Officers**"), during the Corporation's most recently complete financial year, being the financial year ended December 31, 2019 (the "**Last Financial Year**"). The only NEOs of the Corporation during the Last Financial Year were Raymond Davies, (the President and Chief Executive Officer), Alan W. Davies, (the Vice-President Exploration) and Maria Grimes (Interim Chief Financial Officer and the Corporate Secretary) of the Corporation

### *Report on Executive Compensation*

The Compensation Committee of the Board considers compensation matters as and when required. The Compensation Committee reviews and submits recommendations to the Board with respect to the Corporation's executive compensation policies and the compensation paid to the Corporation's executive officers. The Compensation Committee also reviews the design and competitiveness of the Corporation's compensation and benefit programs generally and has the authority to recommend to the Board for its approval amendments to, and grants pursuant to, such programs.

### ***Composition of the Compensation Committee***

The Compensation Committee is composed of Joan E. Fiset (Chair), Richard M. Hogarth and Toby Strauss, all of whom are independent within the meaning of Canadian Securities Administrator's National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101").

### ***Compensation Philosophy***

The Corporation's executive compensation policy is designed to provide for the enhancement of shareholder value, the successful implementation of the Corporation's business plans and a link between executive compensation and the financial performance of the Corporation.

The objectives of the Corporation's executive compensation policy are to:

- (a) attract, retain and motivate executives critical to the success of the Corporation;
- (b) provide fair, competitive and cost effective compensation programs to its executives;
- (c) link the interests of management with those of the Shareholders; and
- (d) provide rewards for outstanding corporate and individual performance.

The Compensation Committee reviews on an annual basis the cash compensation, performance and overall compensation package for each executive officer. It then submits recommendations to the Board with respect to the basic salary, bonus and participation in long-term incentive plans for each executive officer.

### ***Basic Salary***

In determining the basic salary of an executive officer, the Compensation Committee places equal weight on the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by comparable businesses;
- (c) the experience level of the executive officer; and
- (d) his or her overall performance.

### ***Bonus Payments***

Executive officers are eligible for annual cash bonuses, after taking into account and giving equal weight to, financial performance, attainment of certain corporate objectives and individual performance.

In taking into account the financial performance aspect, it is recognized that executive officers cannot control certain factors, such as interest rates and the international market for precious metals. When applying the financial performance criteria, the Compensation Committee considers factors over which the executive officers can exercise control, such as meeting budget targets established by the Board of Directors at the beginning of each year, controlling costs, taking successful advantage of business opportunities and enhancing the competitive and business prospects of the Corporation. There are no pre-established payout ranges.

No bonuses were awarded to the officers of the Corporation during the Last Financial Year.

### ***Long-Term Incentives***

The grant of options pursuant to the Corporation's incentive stock option plan is an integral component of the compensation arrangements of the senior officers of the Corporation. The Board believes that the grant of options to senior officers and Common Share ownership by such officers serves to motivate such officers to strive towards achievement of the Corporation's long-term strategic objectives, which will benefit all Shareholders. Options are awarded to employees of the Corporation by the Board, based on the recommendations of the Compensation Committee. Decisions with respect to options granted are based upon the individual's level of responsibility and their contribution towards the Corporation's goals and objectives, and additionally may be awarded in recognition of the achievement of a particular goal or extraordinary service. The Board considers the overall number of options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of options and the size of such grants.

During the Last Financial Year, there were no options granted during 2019.

### **Summary Compensation Table**

The following table provides information for the Last Financial Year and the years ended December 31, 2018, and December 31, 2017 regarding compensation earned by each of the following NEOs:

<i>Name and principal position</i>	<i>Year Ended December 31</i>	<i>Salary (\$)</i>	<i>Share-based awards (\$)</i>	<i>Option-based awards (\$)<sup>(1) (2) (3)</sup></i>	<i>Non-equity incentive plan compensation (\$)</i>		<i>Pension value (\$)</i>	<i>All other compensation (\$)</i>	<i>Total compensation (\$)</i>
					<i>Annual incentive plans</i>	<i>Long-term incentive plans</i>			
Raymond Davies President & Chief Executive Officer	2019	30,769	Nil	Nil	Nil	Nil	Nil	Nil	30,769
	2018	23,963	Nil	250,000	Nil	Nil	Nil	Nil	23,963
	2017	20,550	Nil	1,328,000	Nil	Nil	Nil	Nil	20,550
Alan W Davies	2019	3,600	Nil	Nil	Nil	Nil	Nil	Nil	3,600
	2018	6,000	Nil	250,000	Nil	Nil	Nil	Nil	6,000
	2017	6,000	Nil	429,000	Nil	Nil	Nil	Nil	6,000
	2016	12,000	Nil	200,000	Nil	Nil	Nil	Nil	12,000
Maria Grimes Corp Secretary Interim CFO	2019	11,994	Nil	Nil	Nil	Nil	Nil	Nil	11,994
	2018	7,581	Nil	250,000	Nil	Nil	Nil	Nil	7,571
	2017	0.00	Nil	221,000	Nil	Nil	Nil	Nil	0.00

Notes:

- (1) During the last financial year ended December 31, 2019 no options were granted to directors, officers and consultant of the Corporation.
- (2) During December 31, 2018, 1,850,000 Options were granted to directors, officers and consultant of the Corporation. The weighted average grant date fair value of the options issued during the year ended December 31, 2018 is \$45,419, or approximately \$0.025. The grant date fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions; expected dividend yield of 0%; expected volatility of 221%; risk free interest rate of 2.25%; and an expected life of 5 years.
- (3) During the last financial year ended , December 31, 2017, 3,071,000 Options were granted to directors, officers and consultants of the Corporation. The weighted average grant date fair value of the options issued during the year ended December 31, 2017 is \$0.0049. The grant date fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 237%; risk free interest rate of 1.62%; and expected life of five years.

### ***Incentive Plan Awards***

The following tables provide information regarding the incentive plan awards for each NEO outstanding as of May 20, 2020.

#### **Outstanding Share Awards and Option Awards**

Name	Option-based Awards				Share-based Awards	
	Number of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$)
Raymond Davies	250,000	0.05	August 31, 2023	Nil	N/A	N/A
Raymond Davies	1,028,000	0.05	November 28, 2022	Nil	N/A	N/A
Robert T. Owen	221,000	0.05	November 28, 2022	Nil	N/A	N/A
Robert T. Owen	200,000	0.05	December 16, 2021	Nil	N/A	N/A
Alan W. Davies	250,000	0.05	August 31, 2023	Nil	N/A	N/A
Alan W. Davies	389,000	0.05	November 28, 2022	Nil	N/A	N/A
Maria Grimes	250,000	0.05	August 31, 2023	Nil	N/A	N/A
Maria Grimes	236,000	0.05	November 28, 2022	Nil	N/A	N/A
Maria Grimes	200,000	0.05	December 16, 2021	Nil	N/A	N/A

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

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
	N/A	N/A	N/A
	N/A	N/A	N/A

Notes:

(1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of shares at exercise and the exercise price of the options on the vesting date).

### **Pension Plan Benefits**

As at the date of this Circular, the Corporation does not have any pension plans.



### Termination and Change of Control Benefits

As at the date of this Circular, the Corporation does not have any contracts, agreements, plans or arrangements that provides for payments to an NEO at, following or connection with any termination, resignation, retirement, change in control of the Corporation or a change in a NEO's responsibilities.

### Directors' and Officers' Liability Insurance

The Corporation does not maintain liability insurance for the benefit of the Corporation, its related companies and their directors and officers, as a group at the present time. Such insurance may be obtained in the future.

### Director Compensation

The Board determines the level of compensation for directors based on recommendations from the Compensation Committee. The Board reviews directors' compensation as needed, taking into account time commitment, risks and responsibilities to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary.

As of the date hereof, the Board has not adopted a cash compensation program for its directors with respect to general director's duties, meeting attendance, or for additional service on Board committees. Directors are, however, reimbursed for reasonable out-of-pocket expenses incurred in attending Board, committee or shareholder meetings.

Directors may receive option grants as determined by the Board pursuant to the Corporation's incentive stock option plan. The exercise price of such options is determined by the Board, but shall in no event be less than the market price of the Common Shares at the time of the grant of the options.

### Director Compensation Table

The following table provides information regarding compensation paid to the Corporation's directors, other than the NEOs, during the financial year ended December 31, 2019:

Name <sup>(1)</sup>	Fees Earned (\$)	Share-based awards (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Raymond Davies	30,769	Nil	Nil	Nil	Nil	Nil	30,769
Richard Hogarth	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joan Fiset	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Toby Strauss	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (2) No options were awarded to the Corporation's directors during financial year ended December 31, 2019. Mr. Davies was a Director and Named Executive Officer during the year ended December 31, 2019. Any compensation received by him in his capacity as a director of the Corporation is reflected in the Summary Compensation Table for the Named Executive Officers.

### ***Incentive Plan Awards***

The following table provides information regarding the incentive plan awards for each director outstanding as of May 20, 2020:

#### **Outstanding Share Awards and Options Awards**

	<b>Option-based Awards</b>				<b>Share-based Awards</b>	
<b>Name<sup>(1)</sup></b>	<b>Number of Securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options (\$)</b>	<b>Number of shares or units of shares that have not vested (#)</b>	<b>Market or payout value of share-based awards that have not vested (\$)</b>
Raymond Davies	250,000	0.05	August 31, 2023	Nil	All N/A	All N/A
	1,028,000	0.05	November 28, 2022	Nil		
			December 16, 2021	Nil		
Richard Hogarth	250,000	0.05	August 31, 2023	Nil	All N/A	All N/A
	181,000	0.05	November 28, 2022	Nil		
	200,000	0.05	December 16, 2021	Nil		
Joan Fiset	250,000	0.05	August 31, 2023	Nil	All N/A	All N/A
	177,000	0.05	November 28, 2022	Nil		
	200,000	0.05	December 16, 2021	Nil		
Toby Strauss	250,000	0.05	August 31, 2023	Nil	All N/A	All N/A
	202,000	0.05	November 28, 2022	Nil		
	200,000	0.05	December 16, 2021	Nil		

**Notes:**

- (1) Mr. Davies was a director and Named Executive Officer during the year ended December 31, 2019. Any compensation received by him in his capacity as a director of the Corporation is reflected in the Summary Compensation Table for the Named Executive Officers.

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended December 31, 2019:

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

<b>Name<sup>(1)</sup></b>	<b>Option awards – Value vested during the year<sup>(2)</sup> (\$)</b>	<b>Share awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Raymond Davies	Nil	N/A	Nil
Richard Hogarth	Nil	N/A	Nil
Joan Fiset	Nil	N/A	Nil
Toby Strauss	Nil	N/A	Nil

**Notes:**

- (1) Mr. Davies was a director and Named Executive Officer during the year ended December 31, 2019. Any compensation received by him in his capacity as a director of the Corporation is reflected in the Summary Compensation Table for the Named Executive Officers.
- (2) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of the Common Shares at exercise and the exercise price of the options on the vesting date).

## SECTION IV – SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Stock Option Plan

The Board adopted the 2013 Stock Option Plan in accordance with the requirements of the Canadian National Stock Exchange. The purpose of the 2013 Stock Option Plan is to attract and retain superior employees, to provide a strong incentive for employees and consultants to put forth maximum effort for the continued success and growth of the Corporation and, in combination with these goals, to encourage equity ownership in the Corporation by its employees and consultants. See “*Section II – Business of the Meeting – Stock Option Plan Approval*”.

The 2013 Stock Option Plan is administered by the Board, with the Compensation Committee having been designated by the Board to administer it. The Compensation Committee has full and complete authority to interpret the Stock Option Plan, to prescribe such rules and regulations as it deems necessary for the proper administration of the Stock Option Plan and to make such determinations and to take such actions in connection therewith as it deems necessary or advisable.

### *Equity Compensation Plan Information*

The following table provides details of the equity securities of the Corporation authorized for issuance as at May 20, 2020 pursuant to the Corporation’s equity compensation plan currently in place:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(1)</sup></b>
Equity compensation plans approved by securityholders	7,040,480 options	\$0.05	5,881,000 options
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>7,040,480</b>		<b>1,159,480</b>

Notes:

(1) Based on a total of 7,040,480 stock options issuable pursuant to the Stock Option Plan.

(2) Representing approximately 10.0% of the issued and outstanding Common Shares as at the date hereof.

## SECTION V – STATEMENT OF CORPORATE GOVERNANCE

Talmora believes that good corporate governance is an essential element in a well-managed company. The following is a description of the Corporation’s corporate governance practices.

### Board of Directors

The duties and responsibilities of the Board are:

- to supervise the management of the business and affairs of the Corporation; and
- to act with a view towards the best interests of the Corporation.

In discharging its mandate, the Board is responsible for the oversight and review of the development of, among other things, the following matters:

- the strategic planning process of the Corporation;
- identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring senior management;
- a communications policy for the Corporation to facilitate communications with investors and other interested parties; and
- the integrity of the Corporation's internal control and management information systems.

The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contribution of individual directors.

NI 58-101 defines an "independent director" as a director who has no direct or indirect "material relationship" with the issuer. A "material relationship" is as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment. The Board maintains the exercise of independent supervision over management by ensuring that the majority of its directors are independent.

The Board is currently comprised of four (4) directors being Raymond Davies, Richard Hogarth, Joan Fiset and Toby Strauss. Messrs. Hogarth and Strauss, and Ms. Fiset, are independent within the meaning of NI 58-101. Mr. Davies is not independent as he is an officer of the Corporation and thereby has a "material relationship" with the Corporation.

The Board believes that it functions independently of management and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance Guidelines*, the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance. In the Last Financial Year, the Board met four (4) times.

### **Other Public Company Directorships**

The following members of the Board of Directors currently hold directorships in other reporting issuers as set forth below:

<u>Name of Director</u>	<u>Name of Reporting Issuer</u>	<u>Market</u>
Raymond Davies	Ditem Exploration Inc	TSXV

## **Orientation and Continuing Education**

The Board, together with the Nominating and Corporate Governance Committee (the “**Nominating Committee**”) is responsible for providing a comprehensive orientation and education program for new directors which fully sets out:

- the role of the Board and its committees;
- the nature and operation of the business of the Corporation; and
- the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board, together with the Nominating Committee, is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Corporation remains current.

## **Ethical Business Conduct**

The Board encourages and promotes a culture of ethical business conduct amongst the directors, officers and employees of the Corporation.

In addition to those matters which, by law, must be approved by the Board, the approval of the Board is required for:

- the Corporation’s annual business plan and budget;
- material transactions not in the ordinary course of business; and
- transactions which are outside of the Corporation’s existing business.

To ensure the directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest, all such matters are considered and approved by the independent directors. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

## **Nomination of Directors**

The Nominating Committee holds the responsibility for the appointment and assessment of directors.

The Nominating Committee seeks to achieve a balance of knowledge, experience and capability among the members of the Board. When considering candidates for director, the Nominating Committee takes into account a number of factors, including the following (although candidates need not possess all of the following characteristics and not all factors are weighted equally):

- Personal qualities and characteristics, accomplishments and reputation in the business community;
- Current knowledge and contacts in the countries and/or communities in which the Corporation does business and in the Corporation’s industry sectors or other industries relevant to the Corporation’s business; and Ability and willingness to commit adequate time to Board and committee matters, and be responsive to the needs of the Corporation.

- The Board will periodically assess the appropriate number of directors on the Board and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, or the size of the Board is expanded, the Nominating Committee will consider various potential candidates for director. Candidates may come to the attention of the Nominating Committee through current directors or management, stockholders or other persons. These candidates will be evaluated at regular or special meeting of the Nominating Committee, and may be considered at any point during the year.

## **Compensation**

The Compensation Committee assists the Board in its oversight role with respect to (i) the Corporation's human resource strategy, policies and programs, and (ii) all matters relating to the proper utilization of human resources within the Corporation, with special focus on management succession, development and compensation.

The Compensation Committee:

- reviews and makes recommendations to the Board at least annually regarding the Corporation's remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans (if any), executive stock option plans including the Plan and grants and benefit plans;
- has sole authority to retain and terminate any compensation consultant to assist in the evaluation of director compensation, including sole authority to approve fees and other terms of the retention;
- reviews and approves at least annually all compensation arrangements with the senior executives of the Corporation;
- reviews and approves at least annually all compensation arrangements with the directors of the Corporation; and
- reviews the executive compensation sections disclosed in annual management proxy circular distributed to the shareholders in respect of the Corporation's annual meetings of shareholders.

## **Other Board Committees**

In addition to the Audit Committee, the Compensation Committee and the Nominating Committee, the Board has an Occupational Health & Safety Committee.

The Occupational Health & Safety Committee is responsible for reviewing environmental and occupational health and safety policies and programs, overseeing the Corporation's occupational health and safety performance, and monitoring current, as well as future, regulatory issues.

## **Assessments**

The Board does not consider formal assessments useful given the stage of the Corporation's business and operations. However, the chairman of the Board meets annually with each director individually, which facilitates a discussion of his contribution and that of other directors. When needed, time is set aside at a meeting of the Board for a discussion regarding the effectiveness of the Board and its committees. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees. On an informal basis, the chairman of the Board is also responsible for reporting to the Board on areas where improvements can be made. Any agreed upon improvements required to be made

are implemented and overseen by the Nominating Committee. A more formal assessment process will be instituted as, if, and when the Board considers it to be necessary.

## SECTION VI – AUDIT COMMITTEE INFORMATION

### The Audit Committee’s Charter

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

### Composition of the Audit Committee

The members of the Audit Committee are Joan Fiset (Chair), Richard Hogarth and Toby Strauss. All members of the Audit Committee are independent and financially literate, as those terms are defined in National Instrument 52-110 – *Audit Committees* (“NI 52-110”).

Name of Member	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
Joan Fiset (Chair)	Yes	Yes
Richard Hogarth	Yes	Yes
Toby Strauss	Yes	Yes

Notes:

- (1) To be considered independent, a member of the Audit Committee must not have any direct or indirect “material relationship” with the Corporation. A “material relationship” is a relationship which could, in the view of the board of directors of the Corporation, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

### Relevant Education and Experience

Ms. Fiset has a background in accounting, tax and treasury with extensive mining industry experience, including oral and written fluency in French and a strong knowledge of Spanish. She received a Bachelor of Science (Honours) in mining engineering from Queen’s University, a Masters of Business Administration from the University of Western Ontario, and a C.A. designation and a Bachelor of Laws degree from the University of Toronto. She has since been working in tax in various capacities on a free-lance basis.

Mr. Hogarth is a retired investment advisor who worked for Scotia McLeod (and its predecessors) from 1975 to 1999 and has served as a director on the boards of numerous mining resources companies. He is a life member of the Canadian Institute of Mining, Metallurgy and Petroleum and is a member of the Prospectors and Developers Association of Canada.

Toby Strauss is the founding director of Merlyn Consulting Ltd. He holds a BA (Hons) from Trinity College, Dublin, and both an MSc (Economic Geology) and PhD from Rhodes University, South Africa. His professional qualifications are Chartered Geologist (CGeol) and European Geologist (EurGeol); His professional associations are with Fellow of the Geological Society of London and the Society of Economic Geologists. He has been a Director and COO of Belvedere Resources Ltd a mineral exploration company since April 2006 until December 2014. Since January 2015, he has been a Director of Merlyn Consulting Ltd.

### Audit Committee Oversight

At no time during the Last Financial Year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the external auditors of the Corporation not been adopted by the Board.

### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in its Charter.

### External Auditor Services Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two completed financial years:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31, 2019	\$8,500	Nil	\$1500	Nil
December 31, 2018	\$7,500	Nil	\$1,500	Nil

Notes:

- (1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual financial statements.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) No other fees were billed by the auditor of the Corporation other than those listed in the other columns.

### External Auditor Services Fees (By Category)

Since the Corporation is a "Venture Issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the United States of America), it is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the year ended December 31, 2019, no director, executive officer or associate of any director or executive officer of the Corporation was indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Corporation's most recently completed financial year, no informed person of the Corporation, or any associate or affiliate of any 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 Corporation or any of its subsidiaries.



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

Other than as disclosed herein, no director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year, each proposed nominee for election as a director of the Corporation, and associates or affiliates of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Inquiries including requests for copies of the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2019 may be directed to the Corporation by telephone at 416.491.6771

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2019 which is also available on SEDAR.

### **BOARD OF DIRECTORS APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders of the Corporation have been approved by the Board.

DATED this 20<sup>th</sup> day of May, 2020.

*"Raymond Davies"*  
RAYMOND DAVIES  
President and Chief Executive Officer

## **SCHEDULE "A"**

### **TALMORA DIAMOND INC.** **AUDIT COMMITTEE CHARTER**

#### **AUDIT COMMITTEE**

The Audit Committee (hereinafter referred to as the "**Committee**") shall i) assist the Board of Directors in its oversight role with respect to the quality and integrity of the financial information; ii) assess the effectiveness of the Company's risk management and compliance practices; iii) assess the independent auditor's performance, qualifications and independence; iv) assess the performance of the Company's internal audit function; v) ensure the Company's compliance with legal and regulatory requirements, and vi) prepare such reports of the Committee required to be included in Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

#### **STRUCTURE AND OPERATIONS**

The Committee shall be composed of not less than three Directors. All members of the Committee shall not be an Officer or employee of the Company. All members shall satisfy the applicable independence and experience requirements of the laws governing the Company, the applicable stock exchanges on which the Company's securities are listed and applicable securities regulatory authorities.

Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

Members of the Committee shall be appointed or reappointed at the annual meeting of the Company and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Company a Chairman among their number. The Chairman shall not be a former Officer of the Company. Such Chairman shall serve as a liaison between members and senior management. The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

- a) a quorum for meetings shall be at least three members;
- b) the Committee shall meet at least quarterly;
- c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least 24 hours in advance of such meeting;
- d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

#### **SPECIFIC DUTIES:**

##### *Oversight of the Independent Auditor*

- Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Company, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Company.
- Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

- Review as necessary policies for the Company's hiring of employees or former employees of the independent auditor.

### *Financial Reporting*

- Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.
- Review and discuss with Management the Company's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Company's Annual Report, as required by applicable legislation.
- Review and discuss with Management and the independent auditor management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on management's assessment.
- Review and discuss with Management the Company's quarterly financial statements prior to the publication of earnings.
- Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
- Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; 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 independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor at least annually any "Management" or "internal control" letters issued or proposed to be issued by the independent auditor to the Company.
- Review and discuss with Management and the independent auditor at least annually any significant changes to the Company's accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.

- Discuss with Management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.
- Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.
- Review disclosures made by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Company's internal controls.
- Discuss with the Company's General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Company or any of its subsidiaries from regulators or governmental agencies.

#### *Oversight of Risk Management*

- Review and approve periodically Management's risk philosophy and risk management policies.
- Review with Management at least annually reports demonstrating compliance with risk management policies.
- Review with Management the quality and competence of Management appointed to administer risk management policies.
- Review reports from the independent auditor at least annually relating to the adequacy of the Company's risk management practices together with Management's responses.
- Discuss with Management at least annually the Company's major financial risk exposures and the steps Management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

*Oversight of Regulatory Compliance*

- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting.
- Meet with the Company's regulators, according to applicable law.
- Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Audit Committee by the Board of Directors.

**FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS:**

The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefore shall also be funded by the Company.

**SCHEDULE “B”****TALMORA DIAMOND INC.****2013 Stock Option Plan****1. PURPOSE**

The purpose of this stock option plan (the “Plan”) is to authorize the grant to service providers for Talmora Diamond Inc. (the “Corporation”) of options to purchase common shares (“shares”) of Talmora’s capital and thus benefit Talmora by enabling it to attract, retain and motivate service providers by providing them with the opportunity, through share options, to acquire an increased proprietary interest in Talmora.

**2. ADMINISTRATION**

The Plan shall be administered by the board of directors of Talmora or a committee established by the board of directors for that purpose (the “Committee”). Subject to approval of the granting of options by the board of directors or Committee, as applicable, Talmora shall grant options under the Plan.

**3. SHARES SUBJECT TO PLAN**

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of shares of Talmora which may be issued and sold under the 2013 Plan will not exceed 10% of the issued and outstanding Common Shares in the aggregate. The total number of shares which may be reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. Talmora shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which Talmora’s shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as Talmora shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of Talmora to issue such shares shall terminate and any option exercise price paid to Talmora shall be returned to the optionee.

**4. LIMITS WITH RESPECT TO INSIDERS**

- (a) The maximum number of shares which may be reserved for issuance to insiders under the Plan, any other employer stock option plans or options for services, shall be 10% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of shares which may be issued to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of shares which may be issued to any one insider and his or her associates under the Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the shares outstanding at the time of the grant (on a non-diluted basis).

## 5. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term “Eligible Person” means:

- (a) an officer, director or insider of Talmora or any of its subsidiaries;
- (b) either:
  - (i) an individual who is considered an employee under the Income Tax Act
  - (ii) an individual who works full-time for Talmora providing services normally provided by an employee and who is subject to the same control and direction by Talmora over the details and methods of work as an employee of Talmora, but for whom income tax deductions are not made at source, or
  - (iii) an individual who works for Talmora on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by Talmora over the details and methods of work as an employee of Talmora, but for whom income tax deductions are not made at source,
 any such individual, an “Employee”;
- (c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a “Company”) or an individual (together with a Company, a “Person”) providing management services to Talmora, which are required for the ongoing successful operation of the business enterprise of Talmora, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a “Management Company Employee”);
- (d) an individual (or a company wholly-owned by individuals) who:
  - (i) provides ongoing consulting services to Talmora or an Affiliate of Talmora under a written contract;
  - (ii) possesses technical, business or management expertise of value to Talmora or an Affiliate of Talmora;
  - (iii) spends a significant amount of time and attention on the business and affairs of Talmora or an Affiliate of Talmora;
  - (iv) has a relationship with Talmora or an Affiliate of Talmora that enables the individual to be knowledgeable about the business and affairs of Talmora; and
  - (v) does not engage in Investor Relations Activities (as hereafter defined)
 any such individual, a “Consultant”; or
- (e) any Employee engaged to provide services that promote the purchase or sale of the issued securities (an “Investor Relations Employee”).



For purposes of the foregoing, a Company is an ‘Affiliate’ of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

The term “Investor Relations Activities” means any activities or oral or written communications, by or on behalf of Talmora or shareholder of Talmora, that promote or reasonably could be expected to promote the purchase or sale of securities of Talmora, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of Talmora
  - (i) to promote the sale of products or services of Talmora, or
  - (ii) to raise public awareness of Talmora, that cannot reasonably be considered to promote the purchase or sale of securities of Talmora;
- (b) activities or communications necessary to comply with the requirements of
  - (i) applicable securities laws, policies or regulations,
  - (ii) the rules, and regulations of the TSX Venture Exchange (“TSXV”) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over Talmora;
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
  - (i) the communication is only through the newspaper, magazine or publication, and
  - (ii) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by TSXV or any other exchange having jurisdiction over Talmora.

For stock options to Employees, Consultants or Management Company Employees, Talmora must represent that the optionee is a bonafide Employee, Consultant or Management Company Employee as the case maybe. The terms “insider”, “controlled” and “subsidiary” shall have the meanings ascribed thereto in the Securities Act (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

## 6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS EMPLOYEES

- (a) The maximum number of shares which may be reserved for issuance to Consultants under the Plan, any other employer stock options plans or options for services, within any one year period, shall be 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of shares which may be reserved for issuance to Investor Relations Employees under the Plan, any other employer stock options plans or options for services,

within any one year period shall be 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

#### 7. PRICE

The purchase price (the “Price”) for the shares of Talmora under each option shall be determined by the board of directors or Committee, as applicable, on the basis of the market price, where “market price” shall mean the prior trading day closing price of the shares of Talmora on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, “market price” shall mean the average of the most recent bid and ask of the shares of Talmora on any stock exchange on which the shares are listed or dealing network on which the shares of Talmora trade. In the event the shares are listed on TSXV, the price may be the market price less any discounts from the market price allowed by TSXV, subject to a minimum price of \$0.05.

#### 8. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof and Options shall not be granted for a term exceeding five years. The shares to be purchased upon each exercise of any option (the “optioned shares”) shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for Talmora.

#### 9. CESSATION OF PROVISION OF SERVICES

Subject to paragraph 10 below, if any optionee who is a service provider shall cease to be a service provider for Talmora for any reason (whether or not for cause) the optionee may, but only within the period of ninety days, or thirty days if the service provider is an Investor Relations Employee, next succeeding such cessation and in no event after the expiry date of the optionee’s option, exercise the optionee’s option unless such period is extended as provided in paragraph 10 below.

#### 10. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee’s option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee’s death. Before expiry of an option under this paragraph 10, the board of directors or Committee, as applicable, shall notify the optionee’s representative in writing of such expiry.

#### 11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferrable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee’s lifetime, only by the optionee.

#### 12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock spilt, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of Talmora.

The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of Talmora, Talmora will be required to obtain approval from disinterested shareholders.

### 13. AMENDMENT AND TERMINATION OF THE PLAN

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to regulatory approval.

### 14. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of Talmora.

### 15. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement between Talmora and the optionee which shall give effect to the provisions of the Plan.

### 16. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to Talmora at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased.

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative.

### 17. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable, provided that the number of shares which may be acquired pursuant to the 2013 Plan shall not exceed a specified number or percentage during the term of the option.

### 18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

- (a) Talmora seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
- (b) a third party makes a bona fide formal offer or proposal to Talmora or its shareholders which, if accepted, would constitute an Acceleration Event;

Talmora shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the board of directors or Committee, as applicable, may

permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions),

during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

- (a) the acquisition by any “offeror” (as defined in Part XX of the Securities Act (Ontario)) of beneficial ownership of more than 50% of the outstanding voting securities of Talmora, by means of a takeover bid or otherwise;
- (b) any consolidation or merger of Talmora in which Talmora is not the continuing or surviving corporation or pursuant to which shares of Talmora would be converted into cash, securities or other property, other than a merger of Talmora in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (c) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of Talmora; or
- (d) the approval by the shareholders of Talmora of any plan of liquidation or dissolution of Talmora.

#### 19. RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

#### 20. GOVERNING LAW

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

#### 21. EXPIRY OF OPTION

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

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## **CORPORATE INFORMATION**

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### **Directors**

Raymond Davies  
Joan Fiset \*  
Richard Hogarth\* – Chairman  
Toby Strauss\*  
\* Audit Committee

### **Officers**

Alan W. Davies – Vice-President Exploration  
Raymond Davies – President & Chief Executive Officer  
Maria Grimes – Corporate Secretary and Interim Chief Financial Officer

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