

MANAGEMENT INFORMATION CIRCULAR as at April 12, 2019

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of American Pacific Mining Corp. (the “**Company**”) for use at the annual general meeting (the “**Meeting**”) of its shareholders to be held on Wednesday, May 22, 2019 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 American Pacific Mining 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.

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 or 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 ("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, TSX Trust Company ("TSX Trust"), by mail or by hand to the 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1;
- (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 the website of the Company's transfer agent 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 TSX Trust, please refer to the following:

General Shareholder Inquiries:

By phone:	416.361.0152
By fax:	416.595.9593
By email:	tmxeinvestorservices@tmx.com
By regular mail:	TSX Trust Company 301 – 100 Adelaide Street West Toronto, ON M5H 4H1

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 TSX Trust in the envelope provided or by facsimile. In addition, TSX Trust provides both telephone voting and Internet voting as described on the VIF itself which contain complete instructions. TSX Trust 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 TSX Trust or at the Company’s office, c/o #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 April 12, 2019 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 53,420,333 common shares issued and outstanding, each carrying the right to one vote. 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.

To the knowledge of the directors and executive officers of the Company, 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. The financial statements for the year ended December 31, 2018, report of the auditor and related management and discussion and analysis were filed on www.sedar.com with the securities commissions or similar regulatory authority in British Columbia and Alberta and are specifically incorporated by reference into, and form an integral part of, this Circular.

A copy of the financial statements incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company, c/o 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⁾
Warwick Smith⁽²⁾ British Columbia, Canada <i>CEO and Director</i>	Business consultant specializing in corporate finance and development for publicly traded companies, since 2004.	July 1, 2017	957,001 ⁽³⁾
Eric Saderholm British Columbia, Canada <i>President and Director</i>	Professional Geologist; former Exploration Manager for Newmont Mining Corp., President, Western Pacific Resources Corp., June 2009 to July 2015.	January 25, 2018	375,000
Norman Wareham British Columbia, Canada <i>CFO, Secretary and Director</i>	Management consultant and accountant to public companies in Canada and U.S. since 1995.	January 25, 2018	750,000 ⁽⁴⁾
Alnesh Mohan⁽²⁾ British Columbia, Canada <i>Director</i>	Partner, Quantum Advisory Partners, LLP (a professional services firm providing outsourced CFO, financial advisory, accounting, tax, and internal audit services), since 2005.	January 25, 2018	200,000 ⁽⁵⁾
Ken Cunningham⁽²⁾ British Columbia, Canada <i>Director</i>	Professional Geologist; former President and CEO, Miranda Gold Corp., 2003 to 2016; past President, Geologic Society of Nevada.	January 25, 2018	500,000 ⁽⁶⁾

- (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.
- (3) Of these common shares, 640,501 are held directly by Warwick Smith, and 316,500 are held indirectly through Harbourside Consulting Inc., a company owned and controlled by Mr. Smith.
- (4) Of these common shares, 200,000 are held directly by Norman Wareham, and 550,000 are held jointly by Norman & Catherine Wareham.
- (5) These common shares are held indirectly through Quantum Advisory Partners LLP, whom Mr. Mohan is a partner.
- (6) These common shares are held indirectly through Cunningham – Brock Trust, which is a family trust with Ken Cunningham and Phyllis Brock as Trustees.

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.

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

Davidson & Company LLP, Chartered Accountants, of 1200 - 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the Board. Davidson & Company LLP, Chartered Accountants, were appointed the auditor of the Company on February 27, 2018.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 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 Alnesh Mohan (Chair) Ken Cunningham and Warwick Smith. All members of the Audit Committee are considered to be financially literate. Mr. Cunningham and Mr. Mohan are not executive officers of the Company and, therefore, are independent members of the Audit Committee. Mr. Smith is an executive officer of the Company and is not considered to be an independent member 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:

Ken Cunningham brings over 40 years' experience in worldwide, diversified mineral exploration and mining geology from geologist to executive management. Mr. Cunningham has proven skills in management and organization of exploration and mining activities backed by an advanced skillset in all aspects of managing a public company. During his career he has been involved in detailed project evaluations and pre-feasibility work and has been involved in numerous discoveries and acquisitions, including several that have gone into production. For 12 years Mr. Cunningham served as the President and CEO of Miranda Gold Corp. He currently serves as a director of CopperBank Resources Corp. He also served on Red Eagle Mining's board of directors from 2011 to 2015 and with Teras Resources from 2016 to 2019.. He is a licensed Professional Geologist, has a Bachelor's of Science degree in Geology from Oregon State University and a Master's of Science degree from Texas Christian University and was a past president of the Geologic Society of Nevada.

Alnesh Mohan has over 20 years of accounting, auditing, and tax experience providing advisory services to a wide array of clients. He has been a partner at Quantum Advisory Partners LLP, a professional services firm focused on providing Chief Financial Officer and full-cycle accounting services to private and public companies, since 2005. Acting on behalf of several public companies, Mr. Mohan has acquired considerable experience in financial reporting, corporate governance and regulatory compliance. He is a Chartered Professional Accountant (CPA, CA) and holds a Bachelor of Business Administration from Simon Fraser University.

Warwick Smith is a business consultant and venture capitalist specializing in corporate finance and development for publicly traded companies. Mr. Smith has a background in marketing and finance, and has been involved in both roles for various public companies since 1999. Mr. Smith served as the CEO for Western Pacific Resources Corp. (TSXV: WRP) from its inception in June 2009 to March 2014. During his tenure Mr. Smith raised over \$36 million for the company, brought in a financial partner and a management team to run its primary asset. Previously, Mr. Smith provided corporate services for Fortuna Silver Mines Inc. (NYSE: FSM) and he was also a founder of Riverside Resources Inc. (TSXV: RRI). Mr. Smith brings with him extensive media contacts and a strategic capital markets network that have been built over a 15 year career.

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, Davidson & Company LLP, Chartered 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 Davidson & Company LLP, Chartered Accountants, to the Company to ensure auditor independence. The following table outlines the fees incurred with Davidson & Company LLP, Chartered Accountants, who were appointed auditors of the Company on February 27, 2018 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 December 31, 2018</u>	<u>Fees Paid to Auditor in Year Ended December 31, 2017</u>
Audit Fees ⁽¹⁾	\$30,000	\$30,000
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$3,000	Nil
All Other Fees ⁽⁴⁾	<u>Nil</u>	<u>Nil</u>
Total:	<u>\$33,000</u>	<u>\$30,000</u>

- (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

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the year ended December 31, 2018. This exemption exempts a “venture issuer” from the requirement to have 100% of the members of its Audit Committee independent, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

General

Effective June 30, 2005, National Instrument 58-101 Disclosure of Corporate Governance Practices (“**NI 58-101**”) and National Policy 58-201 Corporate Governance Guidelines (“**NP 58-201**”) were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices.

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the “**CSA**”) have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA has implemented National Instrument 58-101F2 *Disclosure of Corporate Governance Practices*, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

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 proposed Board are Alnesh Mohan and Ken Cunningham.

The non-independent member of the proposed Board are Warwick Smith (CEO), Eric Saderholm (President) and Norman Wareham (CFO and Corporate Secretary) of the Company.

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

Eric Saderholm:

Western Pacific Resources Corp.

Ken Cunningham:

Copperbank Resources Corp.

Alnesh Mohan:

HealthSpace Data Systems Ltd.
Premier Diversified Holdings Inc.
VSBLTY Groupe Technologies Corp.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business.

Ethical Business Conduct

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

Nomination of Directors

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

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board determines compensation for the directors and CEO.

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

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

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.

Compensation Discussion and Analysis

The Board has not appointed a compensation committee so the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company’s base compensation structure and equity-based compensation programs, recommending compensation of the Company’s officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board as a whole.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company. The Board receives independent competitive market information on compensation levels for executives.

The compensation for executives includes four components: base consulting fees, bonus (if applicable), stock options and perquisites. As a package, the compensation components are intended to satisfy the objectives of the compensation program (that is, to attract, retain and motivate qualified executives). There are no predefined or standard termination payments, change of control arrangements or employment contracts.

Philosophy and Objectives

The Company’s compensation policies and programs are designed to be competitive with similar mining exploration companies and to recognize and reward executive performance consistent with the success of the Company’s business. 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.

In compensating its senior management, the Company has encouraged equity participation and in furtherance thereof employs its stock option plan.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation has been accomplished through the issuance of founder’s shares and the Company’s stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base consulting fees and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board.

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

Option-Based Awards

The Company has established a stock option plan 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.

The stock option plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

See “Securities Authorized Under Equity Compensation Plans” for further information on the Company’s stock option plan.

The Company was not a reporting issuer at any time during the period from incorporation until December 31, 2017. The Company did not pay any compensation to Warwick Smith, the sole NEO and director from incorporation until December 31, 2017, other than consulting fees of \$12,697 paid to Harbourside Consulting Ltd., a company controlled by Mr. Smith. On February 27, 2018, the Company became a reporting issuer in B.C., Alberta, Ontario, Saskatchewan and Nova Scotia when it obtained a receipt for its final prospectus and commenced trading on the Canadian Securities Exchange on March 8, 2018. Accordingly, and in accordance with Form 51-102F6 *Statement of Executive Compensation* (“**Form 51-102F6V**”), the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to NEOs of the Company, to the extent this compensation has been determined.

Summary Compensation Table

Name and Principal Position	Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation ⁽³⁾ (\$)		Pension value ⁽³⁾ (\$)	All other compensation ⁽⁴⁾ (\$)	Total compensation (\$)
					Annual incentive plans ⁽²⁾	Long-term incentive plans ⁽²⁾			
Warwick Smith ⁽⁵⁾ CEO	2018	US\$120,000 ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A	US\$120,000
Eric Saderholm ⁽⁷⁾ President	2018	US\$140,000 ⁽⁸⁾	US\$30,000	N/A	N/A	N/A	N/A	N/A	US\$170,000
Norman Wareham ⁽⁹⁾ CFO and Secretary	2018	\$65,000 ⁽¹⁰⁾	N/A	N/A	N/A	N/A	N/A	N/A	\$65,000

- (1) Financial years ended December 31.
- (2) These amounts include annual non-equity incentive plan compensation, such as bonuses and discretionary amounts for the year end.
- (3) These amounts include all compensation relating to defined benefit or contribution plans and include all service costs and other compensatory items.
- (4) These amounts cover compensation other than amounts already set out in this table and include car allowances, RRSP contributions and life insurance premiums.
- (5) Warwick Smith has served as CEO of the Company on July 1, 2017.
- (6) Pursuant to a consulting agreement dated December 15, 2017 between the Company and Mr. Smith.
- (7) Eric Saderholm has served as President of the Company on January 25, 2018.
- (8) Pursuant to an employment agreement dated January 15, 2018 between Mr. Saderholm and the Company’s subsidiary, American Pacific Mining (US) Inc. (“**APM US**”). Mr. Saderholm has served as President and Secretary of APM US since incorporation on January 13, 2018.
- (9) Norman Wareham has served as CFO and Corporate Secretary of the Company on January 25, 2018.
- (10) Pursuant to a consulting agreement dated January 15, 2018 between the Company and Mr. Wareham.

Employment, consulting and management agreements

Except as disclosed herein, the Company does not have any contracts, agreements, plans or arrangements in place with any NEOs that provides for payment following or in connection with any termination (whether voluntary, involuntary or constructive) resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities.

On December 15, 2017, Warwick Smith entered into a consulting agreement which provides that he is entitled to receive US\$120,000 per annum. The consulting agreement provides that he is entitled to receive six months of the consulting fee in the event of any termination of the consulting agreement without cause by the Company, or a payment of twelve months of the consulting fee in the event of any termination of the consulting agreement by Mr. Smith or the Company occurring within six months of a change of control.

On January 15, 2018, Norman Wareham entered into a consulting agreement which provides that he is entitled to receive \$5,000 per month in his role as the Company’s CFO. Effective May 1, 2018, the Company revised the consulting agreement. The revised consulting agreement was between the Company and Inlet Consulting Ltd., a company controlled by Mr. Wareham, for the provision of Mr. Wareham’s services as CFO. The revised consulting agreement provides for fees of \$7,500 per month. The consulting agreement provides that Mr. Wareham is entitled to receive a minimum of six months of the consulting fee in the event of any termination of the consulting agreement without cause by the Company, or a payment of twelve months of the consulting fee in the event of any termination of the consulting agreement by Mr. Wareham or the Company occurring within six months of a change of control.

On January 15, 2018, Eric Saderholm entered into an employment agreement with APM US pursuant to which he will act as President of APM US. Under the employment agreement, Mr. Saderholm is entitled to receive US\$140,000 per annum plus bonuses, including a US\$30,000 bonus payable in 2018 on or before the March 8, 2018, which was the listing date of the Company’s common shares on the Canadian Securities Exchange (the “**CSE Listing Date**”). The employment agreement provides that he is entitled to receive a minimum of six months’ base salary in the event of any termination of employment without cause by the Company, or a payment of twelve months base salary in the event of any termination of employment by Mr. Saderholm or the Company occurring within six months of a change of control.

INCENTIVE PLAN AWARDS

Outstanding Share-based Awards and Option-based Awards

There were no share-based awards granted to any of the Company’s NEOs during the year ended December 31, 2018.

Outstanding Option-Based Awards

The Company currently has in place a 10% rolling stock option plan. The purpose of granting stock options is to assist the Company in compensating, attracting, retaining and motivating its NEOs and to closely align the personal interests of such persons to that of the shareholders. In determining the number of options to be granted to the NEOs, the Board will take into account the number of options, if any, previously granted to each NEO and the exercise price of any outstanding options to ensure that such grants are in accordance with the Canadian Securities Exchange.

The following table sets out all option-based awards outstanding as at December 31, 2018 for each NEO. There were no share-based awards granted to any of the NEOs:

Option-based Awards				
Name and Principal Position	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Warwick Smith ⁽²⁾ CEO	300,000	0.25	March 8, 2023	Nil
Eric Saderholm ⁽³⁾ President	300,000	0.25	March 8, 2023	Nil
Norman Wareham ⁽⁴⁾ CFO and Secretary	200,000	0.25	March 8, 2023	Nil

(1) This amount is based on the difference between the market value of the securities underlying the options on December 31, 2018, which was \$0.05, being the last trading day of the Company’s shares for the financial year and the exercise price of any outstanding options.

- (2) Warwick Smith has served as CEO of the Company on July 1, 2017..
- (3) Eric Saderholm has served as President of the Company on January 25, 2018
- (4) Norman Wareham has served as CFO and Corporate Secretary of the Company on January 25, 2018.

Incentive Plan Awards – Value Vested or Earned During The Year

There were no option-based awards that were value vested during the financial year ended December 31, 2016 to any NEO of the Company.

Pension Plan Benefits

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

TERMINATION AND CHANGE OF CONTROL BENEFITS

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, other than as is disclosed above under *Employment, consulting and management agreements*.

DIRECTOR COMPENSATION

Outstanding Option-Based Awards

The Company compensates its directors through option grants. NEOs do not receive additional compensation for serving as directors. 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 year ended December 31, 2018. There were no share-based awards in the most recently completed financial year ended December 31, 2018.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Alnesh Mohan ⁽²⁾	200,000	0.25	March 8, 2023	Nil
Ken Cunningham ⁽²⁾	200,000	0.25	March 8, 2023	Nil

(1) This amount is based on the difference between the market value of the securities underlying the options on December 31, 2018, which was \$0.05, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding options.

(2) Has served as a director of the Company since January 25, 2018.

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 a stock option 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 year ended December 31, 2018:

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Alnesh Mohan	Nil	N/A	N/A
Ken Cunningham	Nil	N/A	N/A

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan the Company has in place is the stock option plan (the “Plan”) which was previously approved by the Board on March 8, 2018. The Plan was adopted by the Board effective on the CSE Listing Date. The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board. The Plan provides that options will be issued to directors, officers, employees and service providers of the Company or a subsidiary of the Company. The Plan provides that the number of common shares issuable under the Plan, together with all of the Company’s other previously established or proposed share compensation arrangements, may not exceed 10% of the aggregate number of common shares outstanding from time to time. All options expire on a date not later than five years after the date of grant of such option.

The following table sets out equity compensation plan information as at the year ended December 31, 2018.

Plan Category	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))
	(a)	(b)	(c)
Equity compensation plans approved by securityholders	0	N/A	33,751,667
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total:	0	N/A	925,167

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, except as follows:

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the “**South Lida Agreement**”) with Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (together, the “**Vendors**”) and the Company, as purchaser, a non-arm’s length transaction pursuant to which the Company acquired an undivided 100% of all the Vendors’ right, title, and interest in and to the South Lida Property. As consideration, the Company issued 500,000 common shares to the Vendors on signing of the South Lida Agreement. Under the South Lida Agreement, an additional 500,000 common shares were to be issued to the Vendors on the Listing Date; an additional 1,000,000 common shares to be issued to the Vendors on the earlier of (i) six months after the Listing Date and (ii) the date the South Lida Property is sold or otherwise transferred as part of a transaction for value approved by the Board; and an

additional 1,000,000 common shares on the earlier of (i) the one year anniversary after the Listing Date and (ii) the date the South Lida Property is sold or otherwise transferred as part of a transaction for value approved by the Board.

Pursuant to the South Lida Agreement, the Company issued the following:

Warwick Smith (CEO and director of the Company):

- March 8, 2018 – 125,000 common shares at \$0.05 per share
- October 25, 2018 – 250,000 common shares at \$0.05 per share
- March 8, 2019 – 250,000 common shares at \$0.05 per share

Eric Saderholm (President and director of the Company):

- March 8, 2018 – 125,000 common shares at \$0.05 per share
- October 25, 2018 – 250,000 common shares at \$0.05 per share
- March 8, 2019 – 250,000 common shares at \$0.05 per share

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

Approval of Rolling Stock Option Plan

On the Listing Date of March 8, 2018, the Board approved the adoption of the Company's 10% rolling Plan. The Plan requires shareholder approval for continuation at every annual meeting of the Company by ordinary resolution.

The Plan is a rolling plan, and a maximum of 10% of the issued and outstanding common shares of the Company at the time an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the Plan, are reserved for options to be granted at the discretion of the Board to eligible optionees (an "**Optionee**"). At the date of this Circular, there were 2,450,000 options outstanding.

A copy of the Plan will be available for inspection at the Meeting.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider and vote on the ordinary resolution to re-approve the Plan, with or without variation, as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Stock Option Plan (the "**Plan**"), as approved by the Company's Board on March 8, 2018, as more particularly described in the Circular of the Company dated April 12, 2019, be ratified and approved.
2. To the extent permitted by law, the Company be authorized to abandon all or any part of the Plan if the Board deems it appropriate and in the best interests of the Company to do so.
3. 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 Plan.

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.

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 c/o 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 year ended December 31, 2018, 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”

AMERICAN PACIFIC MINING CORP.
(the “Company”)

AUDIT COMMITTEE CHARTER

1. Mandate

The audit committee of the company (the “**Audit Committee**”) will assist the board of directors (the “**Board**”) in fulfilling its financial oversight responsibilities. The Audit Committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each Audit Committee member must obtain an understanding of the principal responsibilities of Audit Committee membership as well and the Company’s business, operations and risks.

2. Composition

The Board will appoint from among their membership an Audit Committee after each annual general meeting of the shareholders of the Company. The Audit Committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the Audit Committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the Audit Committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the Audit Committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The Audit Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Audit Committee may determine. The Audit Committee shall meet at least annually with the Company’s chief financial officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The Audit Committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The Audit Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the Audit Committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;

- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 *Internal Control*

The Audit Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the Audit Committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the Audit Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 *Financial Reporting*

The Audit Committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the Audit Committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Audit Committee.

Delegation of Authority

- (a) The Audit Committee may delegate to one or more independent members of the Audit Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Audit Committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (a) The Audit Committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (a) The Audit Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the Audit Committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.

4.5 *Other Responsibilities*

The Audit Committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The Audit Committee shall regularly update the Board about Audit Committee activities and make appropriate recommendations.

5. **Resources and Authority of the Audit Committee**

The Audit Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

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

6. **Guidance – Roles & Responsibilities**

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfillment of their roles and responsibilities on the committee:

6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 *Financial Reporting*

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 *Other Responsibilities*

- (a) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.