

MANAGEMENT INFORMATION CIRCULAR
as at January 31, 2023

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, March 8, 2023** 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.

The **Meeting will be held in virtual-only format**, which will be conducted via Zoom. Registered Shareholders and validly appointed proxyholders may attend the Meeting at:

<https://us06web.zoom.us/j/86849524498?pwd=SEYyZGRYWkVnU29iTzJveTl3M1prUT09>

Meeting ID: 868 4952 4498

Passcode: 776614

Registered Shareholders who attend the Meeting will have an opportunity to participate at the Meeting, regardless of their geographic location.

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 at nominal cost. The Company will bear all costs of this solicitation.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and/or 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 AND ON YOUR BEHALF AT THE MEETING. YOU MAY DO SO EITHER BY INSERTING THE NAME OF THAT OTHER PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING AND DELIVERING ANOTHER SUITABLE FORM OF PROXY.** If your common shares are held in physical form (i.e., paper form) and are registered in your name, then you are a registered shareholder (“**Registered Shareholder**”). However, if, like most shareholders, you keep your common shares in a brokerage account, then you are a beneficial shareholder (“**Beneficial Shareholder**”). The manner for voting is different for Registered Shareholders and Beneficial Shareholders. The instructions below should be read carefully by all shareholders.

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 the 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 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”).

Registered Shareholders

If you are a Registered Shareholder and wish to have your common shares voted at the Meeting, you will be required to submit your vote by Proxy. **Due to issues related to the verification of shareholder identity via web broadcast, in-person voting will not be permitted at the Meeting.** Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the Proxy and returning it to the Company’s transfer agent, TSX Trust Company (“TSX Trust”), in accordance with the instructions on the Proxy. Alternatively, Registered Shareholders may vote their common shares via the internet or by telephone as per the instructions provided on the Proxy.

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

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 by mail or by hand to the 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1;
- (b) using the Internet through the website of the Company’s transfer agent at www.voteproxyonline.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 account 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: 1.866.600.5869
By email: tsxtis@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 information being disclosed to the issuers of securities which they own ("**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to that information being disclosed to the issuers of the securities they own ("**NOBOs**" for "**Non-Objecting Beneficial Owners**").

Pursuant to NI 54-101 of the Canadian Securities Administrators (the "**CSA**"), 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 and Internet voting as described on the VIF, which contains 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 NI 54-101, the proxy-related materials and Form 54-101F7 *Request for Voting Instructions Made by Intermediary*. As a result, an 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 mailing procedures and provides return instructions to clients. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their common shares are voted for 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**") 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 the Meeting and vote your common shares.

Voting by Proxy Generally

Proxyholders other than the individuals named in the accompanying Proxy will be required to identify themselves by notice in writing to the Company by **11:00 am (Vancouver Time) on Monday, March 6, 2023** so that the Company can confirm their identity prior to the Meeting and facilitate their voting of the Proxies that they hold at the Meeting. Notice may be provided by mail to the Company at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, Canada, V6J 4M6. **Proxies will not be accepted at the Meeting. All Proxies must be submitted to TSX Trust by 11:00 am (Vancouver Time) on Monday, March 6, 2023 (the “Proxy Deadline”).**

As there will be no in-person attendance or voting at the Meeting, votes received by the Proxy Deadline for each matter set out in the notice of meeting will be tabulated in advance of the Meeting by TSX Trust and compiled in a proxy report respecting Proxies held by the individuals named in the accompanying Proxy or voting instruction form and an appointee summary respecting Proxies held by non-management proxyholders (collectively, the “**Proxy Report**”). The determination as to whether a particular matter has been approved, a particular individual has been appointed or a particular resolution has been passed will be made solely on the basis of the voting results set out in the Proxy Report. Since no in-person voting will be permitted due to the inability to verify a shareholder’s identity over web broadcast and voting results respecting matters set out in the notice of meeting will be determined solely based on the voting results set out in the Proxy Report, no ballots will be permitted at the Meeting. All results will be determined by reference to the Proxy Report. Management will advise at the Meeting, the voting results for each matter set out in the Proxy Report and shareholders will be entitled to request a copy of the Proxy Report from management after the Meeting.

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 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 to the address of the Company at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, Canada V6J 4M6, 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.

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

Notice to United States Shareholders

The Company’s common shares are not registered under Section 12 of the United States Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), and this solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Residents of the United States should be aware that applicable Canadian proxy solicitation rules differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of the Company’s shares by shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are

subject to auditing and auditor independence standards in Canada, and reconciled to accounting principles generally accepted in the United States.

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 **January 31, 2023** 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 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 176,773,938 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, as at the Record Date, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company.

A copy of the financial statements incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company, at Suite 400 - 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6, telephone: 604.737.2303, 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 four (4). The Board proposes that the number of directors remain at four (4). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at four (4).

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. CEO of the Company; Interim President and Interim CEO of Silver Hammer Mining Corp. since November 23, 2022. | July 1, 2017 | 667,833 ⁽³⁾ |
| Eric Saderholm Nevada, USA <i>President and Director</i> | Professional Geologist; former Exploration Manager for Newmont Mining Corp., President, Western Pacific Resources Corp., June 2009 to July 2015. President of the Company. | January 25, 2018 | 525,000 |
| Ken Cunningham ⁽²⁾⁽³⁾ Nevada, USA <i>Director</i> | Professional Geologist; former President and CEO, Miranda Gold Corp., 2003 to 2016; past President, Geologic Society of Nevada. | January 25, 2018 | 320,217 ⁽⁴⁾ |
| Joness Lang ⁽²⁾⁽³⁾ Ontario, Canada <i>Director</i> | Employee and Executive Vice President of Maple Gold Mines Ltd.; President of EBC Consulting Group Ltd. | October 31, 2019 | 113,333 ⁽⁵⁾ |

- (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) Member of the compensation committee (the “**Compensation Committee**”).
- (4) Of these 667,833 common shares, 107,500 common shares are held directly by Mr. Smith and 560,333 common shares are held by Harbourside Consulting Inc., a company owned and operated by Mr. Smith.
- (5) These 320,217 common shares are held by Cunningham Brock Trust, which is a family trust with Ken Cunningham and Phyllis Brock as Trustees.
- (6) These 113,333 common shares are held by EBC Consulting Group Ltd., a company owned and operated by Mr. Lang.

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 Professional Accountants (“**Davidson & Company**”), 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 were appointed the auditor of the Company on February 27, 2018.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) of the CSA 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 Charter is attached to the Company’s management information circular dated May 5, 2021 which was filed on SEDAR at <https://www.sedar.com/> on May 14, 2021 and is specifically incorporated by reference into, and forms an integral part of, this Circular.

Composition of the Audit Committee

The current members of the Audit Committee are Warwick Smith (Chair), Jones Lang and Ken Cunningham. All members of the Audit Committee are considered to be financially literate. Mr. Lang and Mr. Cunningham 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:

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. 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. and he was also a founder of Riverside Resources Inc. Since November 2022, Mr. Smith has been the Interim President and Interim CEO of Silver Hammer Mining Corp. Mr. Smith brings with him extensive media contacts and a strategic capital markets network that have been built over a 15-year career.

Joness Lang is an executive leader with 12+ years of capital markets and corporate development experience in the natural resource sector. Mr. Lang has significant capital raising and transaction experience, including negotiating and structuring project acquisitions, as well as joint-venture and strategic alliance partnerships. Joness is currently the Executive VP with Maple Gold Mines Ltd. where he recently co-led securing Agnico Eagle Mines Limited as a strategic partner. Mr. Lang is a director of Silver Hammer Mining Corp. Mr. Lang has served as an executive and has provided advisory services for numerous clients in the precious metals sector throughout his career. Mr. Lang holds a B.Com. degree (honours) from Royal Roads University and a Marketing Management Entrepreneurship diploma (honours) from the British Columbia Institute of Technology.

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.

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, other than Davidson & Company.

Reliance on Certain Exemptions

The Company's auditors, Davidson & Company, 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, to the Company to ensure auditor independence. The following table outlines the fees incurred with Davidson & Company, 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, 2021</u> | <u>Fees Paid to Auditor in Year Ended December 31, 2020</u> |
|-----------------------------------|---|---|
| Audit Fees ⁽¹⁾ | \$55,488 | \$20,305 |
| Audit-Related Fees ⁽²⁾ | Nil | Nil |
| Tax Fees ⁽³⁾ | \$30,864 | \$35,427 |
| All Other Fees ⁽⁴⁾ | <u>Nil</u> | <u>Nil</u> |
| Total: | <u>\$86,352</u> | <u>\$55,732</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, 2021. 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 CSA have adopted NP 58-201, 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 Board reviews executive compensation and recommends stock option grants.

The independent members of the Board are Ken Cunningham and Joness Lang.

The non-independent members of the Board are Warwick Smith, CEO of the Company and Eric Saderholm, President of the Company.

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

Joness Lang is a director of Silver Hammer Mining Corp.

Warwick Smith is a director of Jasper Commerce Inc. and Trail Blazer Capital 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, following recommendations from the Compensation Committee.

Other Board Committees

In addition to the Audit Committee, the Board has established a Compensation Committee that is responsible for determining and recommending to the Board the compensation for the CEO and other named executive officers ("NEOs"). The current members of the Compensation Committee are Ken Cunningham and Joness Lang.

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

During the year ended December 31, 2021, the Company had four (4) NEOs: Warwick Smith, the CEO of the Company; Eric Saderholm, the President of the Company; Alnesh Mohan, the CFO and Corporate Secretary of the Company and Norman Wareham, the former CFO and Corporate Secretary. For greater clarity, Mr. Wareham resigned as CFO and Corporate Secretary on March 12, 2021.

Compensation Discussion and Analysis

The Company does not have a formal compensation program. The Board, through the Compensation Committee, meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis.

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 10% rolling stock option plan (the "**Option Plan**") which was adopted by the Board on March 8, 2018.

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 common shares and the Company's Option Plan. Incentive stock options ("**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 an 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 Option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All Option grants require approval of the Board.

The Option Plan is administered by the Board and provides that Options will be granted 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 Option Plan.

Summary Compensation Table

| Name and Principal Position | Year ⁽¹⁾ | Salary (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|--|---------------------|--|-------------------------|--------------------------|---|---------------------------|--------------------|-----------------------------|-------------------------|
| | | | | | Annual incentive plans | Long-term incentive plans | | | |
| Warwick Smith ⁽²⁾⁽³⁾ CEO | 2021 | CDN\$219,000 | Nil | CDN\$53,350 | Nil | Nil | Nil | Nil | CDN\$272,350 |
| | 2020 | CDN\$206,904 | Nil | CDN\$122,329 | Nil | Nil | Nil | Nil | CDN\$329,233 |
| | 2019 | US\$120,000 | Nil | Nil | Nil | Nil | Nil | Nil | US\$120,000 |
| Eric Saderholm ⁽⁴⁾⁽⁵⁾ President | 2021 | US\$170,004 / | Nil | CDN\$53,350 | Nil | Nil | Nil | Nil | CDN\$270,031 |
| | 2020 | CDN\$216,681 | Nil | CDN\$122,329 | Nil | Nil | Nil | Nil | CDN\$350,131 |
| | 2019 | US\$170,004 / CDN\$227,802 US\$168,000 | Nil | Nil | Nil | Nil | Nil | Nil | US\$168,000 |
| Alnesh Mohan ⁽⁶⁾⁽⁷⁾ CFO and Secretary | 2021 | CDN\$115,720 | Nil | CDN\$53,350 | Nil | Nil | Nil | Nil | CDN\$169,070 |
| | 2020 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2019 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Norman Wareham ⁽⁸⁾⁽⁹⁾ Former CFO and Secretary | 2021 | CDN\$35,000 | Nil | CDN\$47,247 | Nil | Nil | Nil | Nil | CDN\$82,247 |
| | 2020 | CDN\$100,000 | Nil | CDN\$122,329 | Nil | Nil | Nil | Nil | CDN\$222,329 |
| | 2019 | CDN\$90,000 | Nil | Nil | Nil | Nil | Nil | Nil | CDN\$90,000 |

- (1) Financial years ended December 31.
- (2) Warwick Smith has served as CEO of the Company since July 1, 2017.
- (3) Management fees paid to Harbourside Consulting Inc., a company owned and operated by Mr. Smith, CEO of the Company.
- (4) Eric Saderholm has served as President of the Company since January 25, 2018.
- (5) Management fees paid to Eric Saderholm, President of the Company.
- (6) Alnesh Mohan has served as CFO and Corporate Secretary of the Company since March 12, 2021.
- (7) Management fees paid to Quantum Advisory Partners LLP (“Quantum”), an accounting firm in which Mr. Mohan is an incorporated partner.
- (8) Norman Wareham served as CFO and Corporate Secretary of the Company from January 25, 2018 until March 12, 2021.
- (9) Management fees paid to Norman Wareham, former CFO and Corporate Secretary of the Company.

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. Effective June 1, 2020, the Company increased the annual consulting fees payable to Mr. Smith to CDN\$18,250 per month.

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. Mr. Wareham's consulting agreement ended effective March 12, 2021, when he resigned as CFO and Corporate Secretary of the Company.

On January 15, 2018, Eric Saderholm entered into an employment agreement with American Pacific Mining (US) Inc. ("APM US") pursuant to which he would 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"). 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.

On March 12, 2021, Alnesh Mohan entered into a consulting agreement through Quantum to provide CFO and accounting support services to the Company. Quantum is entitled to receive \$10,000 per month for the provision of CFO and accounting support services. The consulting agreement provides that Quantum 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 the Company occurring within six months before or after twelve months following 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, 2021.

Outstanding Option-Based Awards

The purpose of granting 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 considers 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 CSE.

The following table sets out all Option-based awards outstanding as at December 31, 2021 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 CEO | 400,000 | 0.49 | July 22, 2025 | 336,000 |
| | 300,000 | 0.27 | May 27, 2026 | 318,000 |
| Eric Saderholm President | 400,000 | 0.49 | July 22, 2025 | 336,000 |
| | 300,000 | 0.27 | May 27, 2026 | 318,000 |
| Alnesh Mohan CFO and Secretary | 300,000 | 0.27 | May 27, 2026 | 318,000 |
| Norman Wareham Former CFO and Secretary | 125,000 | 0.49 | July 22, 2025 | 105,000 |
| | 100,000 | 0.71 | July 19, 2026 | 62,000 |

(1) This amount is based on the difference between the market value of the securities underlying the Options on December 31, 2021, which was \$1.33, being the last trading day of the Company's common shares for the financial year and the exercise price of any outstanding Options.

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

During the year ended December 31, 2021, each of Ken Cunningham and Joness Lang received US\$12,000 in fees as remuneration for acting as directors of the Company.

Mr. Cunningham has served as a director of the Company since January 25, 2018 and Mr. Lang has served as a director of the Company since October 31, 2019.

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, 2021. There were no share-based awards in the most recently completed financial year ended December 31, 2021.

| Name | Option-based Awards | | | |
|----------------|---|----------------------------|------------------------|---|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) ⁽¹⁾ |
| Ken Cunningham | 400,000 | 0.49 | July 22, 2025 | 336,000 |
| | 300,000 | 0.27 | May 27, 2026 | 318,000 |
| Joness Lang | 400,000 | 0.49 | July 22, 2025 | 336,000 |
| | 300,000 | 0.27 | May 27, 2026 | 318,000 |

(1) This amount is based on the difference between the market value of the securities underlying the Options on December 31, 2021, which was \$1.33, being the last trading day of the Company's common shares for the financial year and the exercise price of any outstanding Options.

Narrative Discussion

The Company has its Option Plan for the granting of 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, 2021:

| 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 (\$) |
|----------------|---|--|--|
| Ken Cunningham | 53,350 | N/A | N/A |
| Joness Lang | 53,350 | N/A | N/A |

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan the Company has in place is its Option Plan which was previously approved by the Board on March 8, 2018. The Option Plan was adopted by the Board effective on the date the Company's common shares listed on the CSE. The Option Plan is administered by the Board and 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 Option Plan provides that Options will be issued to directors, officers, employees and service providers of the Company or a subsidiary of the Company. The Option Plan provides that the number of common shares issuable under the Option 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.

The following table sets out equity compensation plan information as at the year ended December 31, 2021.

| 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)) |
|---|--|---|--|
| Plan Category | (a) | (b) | (c) |
| Equity compensation plans approved by securityholders | 4,025,000 | 0.39 | 7,751,421 |
| Equity compensation plans not approved by securityholders | N/A | N/A | N/A |
| Total: | 4,025,000 | N/A | 7,751,421 |

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

MANAGEMENT CONTRACTS

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

PARTICULARS OF MATTERS TO BE ACTED UPON

Re-Approve 10% Rolling Stock Option Plan

The Board approved the adoption of the Company's Option Plan on March 8, 2018.

The Option 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 Option 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 9,882,169 Options outstanding.

A copy of the Option 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 Option Plan, with or without variation, as follows:

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

1. The Stock Option Plan (the “**Option Plan**”), as approved by the Company’s Board on March 8, 2018, as more particularly described in the Circular of the Company dated January 31, 2023, be ratified and approved.
2. To the extent permitted by law, the Company be authorized to abandon all or any part of the Option 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 Option 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

Financial information is provided in the audited financial statements of the Company for the financial year ended December 31, 2021 and in the related management discussion and analysis (together, the “**Financial Materials**”). The Financial Materials were filed on SEDAR on April 28, 2022, at www.sedar.com and will be placed before the Meeting.

Additional information relating to the Company and a copy of the Financial Statements may be obtained at www.sedar.com, and upon request from the Company at Suite 400 – 1681 Chestnut Street, Vancouver, BC, V6J 4M6, telephone: (604) 737-2303 or fax: (604) 737-1140. Copies of the above documents will be provided, upon request, free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

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.