



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**  
**AND**  
**INFORMATION CIRCULAR**  
**FOR**  
**ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS**  
**OF**  
**INDICO RESOURCES LTD.**

**TO BE HELD ON JULY 29, 2016**



June 27, 2016

Dear Indico Shareholders,

It is my pleasure to extend to you, on behalf of the board of directors of Indico Resources Ltd. ("**Indico**"), an invitation to attend the annual general and special meeting (the "**Meeting**") of the common shareholders of Indico ("**Indico Shareholders**") to be held at the offices of McMillan LLP located at Suite 1500, 1055 West Georgia, Vancouver, BC V6E 4N7 on July 29, 2016 at 9:30 a.m. (Vancouver time).

At the Meeting, Indico Shareholders will be asked to consider and, if thought advisable, approve the sale of all of the outstanding common shares of Indico Peru S.A.C. ("**Indico Peru**") to Aruntani S.A.C. ("**Aruntani**"), with such assets being indirectly held by Indico Peru representing all or substantially all of the assets of Indico, for total cash consideration of US\$6 million (the "**Transaction**"). Aruntani is a non-arm's length party by virtue of being a holder of 27.2% of the common shares in the capital of Indico. In addition to the cash consideration, upon closing Aruntani will grant to Indico a 1% net smelter return royalty (the "**NSR Royalty**").

Completion of the Transaction is subject to a number of conditions, including (i) the approval of a majority of disinterested shareholders of Indico in accordance with the requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), (ii) approval of the Transaction by two-thirds of the votes cast in person or by proxy at the Meeting, and (iii) approval of the TSX Venture Exchange. Aruntani is a control person as defined by applicable securities laws, and as such is considered a related party under MI 61-101. Additionally, completion of the Transaction is subject to customary conditions, including receipt of applicable regulatory and third party approvals and consents as may be required to effect and complete the transaction.

In connection with the Transaction, Indico Shareholders will be asked to consider, and if thought advisable, approve the termination (the "**Termination**") of the Project Alliance Agreement for the Development, Construction and Operation of Minerals Extraction & Processing Projects between Indico and SHC Group Pte Ltd. (then, Stonehouse Constructions Pte Ltd.) ("**Stonehouse**") dated May 22, 2013 (the "**Project Alliance Agreement**"). Pursuant to the Project Alliance Agreement, Indico and Stonehouse had agreed to collaborate and jointly work on mineral assets held by Indico. To allow the completion of the Transaction, Indico and Stonehouse have agreed to enter into a settlement and release agreement pursuant to which the Project Alliance Agreement will be terminated, for consideration payable to Stonehouse including the payment of all outstanding trade payables to Stonehouse, in the amount of CAD\$72,213, the repaying of a loan extended to Indico by Stonehouse in the amount of CAD\$134,300, a cash payment of US\$350,000, and 10% of the NSR Royalty provided by Aruntani to Indico, until such time as the aggregate of the US\$350,000 payment and the amount advanced pursuant to the NSR Royalty to Stonehouse reaches a value of CAD\$1 million. As Stonehouse is a related party, Indico Shareholders must approve the Termination by a majority of disinterested shareholders.

The board of directors of Indico (the "**Board**") unanimously approved the Transaction and recommends that Indico Shareholders vote their Indico Shares in favour of the Transaction. In making its recommendation, the Board considered a number of factors, including an independent report of value in respect of Indico Peru, all as described in the accompanying information circular (the "**Information Circular**") under the heading "*Particulars of Matters to be Acted upon – A. Approval of Indico Peru Sale Resolution*".

Assuming that all requisite approvals are received, Indico and Aruntani expect to close the proposed Transaction prior to the end of August 2016.

The Information Circular contains a detailed description of the Transaction and other information relating to Indico and Aruntani. We urge you to consider carefully all of the information in the Information Circular. If you require assistance, please consult your tax, financial, legal or other professional advisor.

We hope you will be able to attend the Meeting. Your vote is important regardless of the number of Indico Shares you own. We encourage you to vote your Indico Shares in person or by proxy at the Meeting. Please review the voting instructions set out in the Information Circular under the heading "General Proxy Information".

On behalf of Indico, we would like to thank all Indico Shareholders for their ongoing support.

Yours truly,

*"Robert Parsons"*

Robert Parsons  
Chairman of the Board



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

**NOTICE IS HEREBY GIVEN** that the 2016 annual general and special meeting of the Shareholders of Indico Resources Ltd. (the “**Company**”) will be held at the offices of McMillan LLP, located at Suite 1500, 1055 West Georgia, Vancouver, BC V6E 4N7 on July 29, 2016 at 9:30 a.m. (Vancouver time), for the following purposes:

1. To receive the audited consolidated financial statements of the Company for the year ended May 31, 2016, together with the report of the Auditor thereon, and the related management discussion and analysis;
2. To elect directors of the Company for the ensuing year;
3. To appoint Smythe LLP, Chartered Professional Accountants, as auditors of the Company for the ensuing year;
4. To consider, and if thought advisable, to pass, with or without variation, a special resolution authorizing and approving the sale of all shares of Indico Peru S.A.C., a subsidiary of the Company, to Aruntani S.A.C, representing all or substantially all of the assets of the Company;
5. To consider, and if thought advisable, to pass, with or without variation, a resolution authorizing and approving the termination of the Project Alliance Agreement for the Development, Construction and Operation of Minerals Extraction & Processing Projects between the Company and SHC Group Ltd. in accordance with the terms a settlement and release agreement agreed to by the Company and SHC Group Ltd.;
6. To ratify, confirm and approve the Company’s 10% rolling stock option plan, for continuation, as more particularly described in the accompanying Information Circular; and
7. To transact such further or other business, including amendments to the foregoing, as may properly come before the meeting or any adjournment or adjournments thereof.

Accompanying this Notice is an Information Circular dated June 27, 2016, a form of proxy or voting instruction form and a reply card for use by shareholders who wish to receive the Company’s interim and/or annual financial statements. The accompanying Information Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Information Circular.

Non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you are not a registered shareholder.

DATED at Vancouver, British Columbia, this 27th day of June, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Robert Baxter”*

Robert Baxter  
Chief Executive Officer and President

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## QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE TRANSACTION

The following is a summary of certain information contained in or incorporated by reference into this Information Circular, together with some of the questions that you, as a shareholder of Indico (individually a “**Shareholder**” and collectively, the “**Shareholders**”), may have and answers to those questions. You are urged to read the remainder of the Information Circular and the form of proxy carefully because the information contained below is of a summary nature and therefore is not complete, and is qualified in its entirety by the more detailed information contained elsewhere in or incorporated by reference into this Information Circular, and the form of proxy, all of which are important.

### **Q: Why is the Annual General and Special Meeting of Shareholders being held?**

A: The annual general and special meeting of Shareholders (the “**Meeting**”) is being held to: (a) elect directors for the ensuing year, (b) to appoint an auditor, (c) to present the financial statements to Shareholders, (d) to approve the Company’s 10% rolling stock option plan for continuation; (f) to consider, and vote on a special resolution (the “**Indico Peru Sale Resolution**”) to approve the sale of all shares of Indico Peru S.A.C. (the “**Transaction**”), a wholly owned subsidiary of the Company, which represents all of the Company’s interest in the Irmin Project (as defined below) to Aruntani S.A.C. for US\$6 million, in addition to a 1% net smelter return royalty over the property representing the Irmin Project, and (g) to consider, and vote on a resolution (the “**Termination Resolution**”) to terminate the Project Alliance Agreement for the Development, Construction and Operation of Minerals Extraction & Processing Projects between Indico and SHC Group Ltd. (“**Stonehouse**”) (the “**Project Alliance Agreement**”) in connection with the Transaction.

### **Q: What is Indico’s interest in the Irmin Project?**

A: On September 14, 2010, the Company entered into an agreement through Indico Peru, whereby Indico Peru was granted the exclusive option to acquire a 100% interest in the Irmin Property (then called the Ocaña Copper Gold Porphyry Project), by way of an option to acquire 100% of the issued and outstanding shares of Inversiones Minerals S.A.C. (“**Inversiones**”), which holds an indirect 100% interest in the Irmin Property. Under the terms of the Option Agreement, the Company made certain payments between September 14, 2010 and April 20, 2015 in order to acquire the interest. Subsequently, Inversiones entered into an agreement with Aruntani S.A.C. whereby the two entities agreed to develop the Irmin Project through the incorporation of Compañía Minera Irmin S.A.C, a Peruvian corporation, with interest of this entity to be held 70% by Aruntani and 30% by Inversiones. Aruntani is expected to fund US\$18,700,000 representing its 70% investment while Inversiones will transfer its option to acquire Irmin Property. To date, Inversiones has spent approximately US\$8,000,000, which is expected to represent its 30% investment. Under the agreement between Inversiones and Aruntani, Aruntani will fund the continued expenditures related to the Irmin Property. As a result of this agreement, the Company’s indirect interest in the Irmin Project was reduced to the 30% represented by Inversiones’ interest.

### **Q: Does the Board support the Transaction?**

A: Yes. The board of directors of the Company (the “**Board**”) has unanimously determined (i) that the Transaction is in the best interests of Indico, and (ii) to recommend to Shareholders to vote FOR the Indico Peru Sale Resolution. Before entering into a binding letter agreement dated May 6, 2016 (the “**Letter Agreement**”), the Board reviewed the process carried out by Indico in negotiating and entering into the Share Purchase Agreement.

In making its recommendation, the Board considered a number of factors as described in the Information Circular under the heading “*Principal Reasons for the Board’s Favourable Recommendation*”.

### **Q: Does the Board support the termination of the termination of the Project Alliance Agreement?**

A: Yes. In connection with the completion of the Transaction, the Board has unanimously determined that it is in the best interests of Indico to terminate the Project Alliance Agreement and has negotiated terms with Stonehouse contained in a settlement and release agreement between the two parties, as more particularly described under

“*Particulars of Matters to be Acted Upon – B. Approval of Termination Resolution*”. The Board recommends to Shareholders to vote FOR the Termination Resolution.

**Q: What approvals are required by Shareholders at the Meeting?**

A: To be effective, the Indico Peru Sale Resolution must be approved by (i) at least two-thirds of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting, and (ii) a majority of votes cast by disinterested Shareholders present in person or represented by proxy and entitled to vote at the Meeting. In addition, the Termination Resolution must be approved by a majority of votes cast by disinterested Shareholders present in person or represented by proxy and entitled to vote at the Meeting. See the heading “*Particulars of Matters to be Acted upon*” below.

**Q: In addition to Shareholder approval, what other approvals are required for the Transaction to be completed?**

A: The Transaction is subject to a number of conditions including: the approval of the TSX Venture Exchange (the “**Exchange**”), that the representations and warranties given by Indico are true and correct in all material respects on the closing date, that Indico shall have performed and complied in all material respects with all the terms and conditions of the Letter Agreement, and that there are no material adverse changes since the date of the asset purchase agreement.

**Q: What will happen to Indico if the Transaction is completed?**

A: The Transaction is expected to provide the Company with the necessary capital to restructure its operations and leave a cash reserve to deploy to another project/transaction. In light of low commodity prices and extremely difficult capital markets for junior miners, Indico is also expected to review its strategic opportunities to continue exploration activities.

**Q: What will happen if the Indico Peru Sale Resolution is not approved or if the Transaction is not completed for any reason?**

A: If the Indico Peru Sale Resolution is not approved or the Transaction is not completed for any reason, the Indico Peru Purchase Agreement and related agreements contemplated therein may be terminated under certain circumstances. If this occurs, Indico will continue to carry on its business operations in the normal course including continuing to advance activities with respect to the Irmin Project.

See the heading “*Risk Factors*” below.

**Q: What will happen if the Termination Resolution is not approved?**

A: If Indico does not terminate the Project Alliance Agreement as contained in the Termination Resolution, it will be unable to be released of its obligations pursuant to the Project Alliance Agreement and will not obtain a release of all potential claims from Stonehouse, which could expose Indico to liability and payments that may be determined to be owing pursuant to the Project Alliance Agreement.

**Q: What do I need to do now?**

A: You should carefully read and consider the information contained in this Information Circular. If you are a registered Shareholder (those whose names appear on the records of the Company as the registered holders of Common Shares) you should complete, sign and date the enclosed form of proxy and return it in the enclosed return envelope or by facsimile as soon as possible so that your Common Shares may be voted at the Meeting. For your Common Shares to be eligible to be voted at the Meeting, you must return the form of proxy by mail or by facsimile to Computershare Trust Company of Canada not later than 11:00 a.m. (Vancouver time) on July 27, 2016, or if the Meeting is adjourned or postponed, before 11:00 a.m. (Vancouver time) on the business day that is two days before

the date to which the Meeting is adjourned or postponed. Registered Shareholders are also entitled to vote in person at the Meeting.

If you hold Common Shares through a broker, custodian, nominee or other intermediary, you should follow the instructions provided by your intermediary to ensure your vote is counted at the Meeting.

See the heading “*General Proxy Information*” below.

**Q: Who can attend and vote at the Meeting?**

A: Only Shareholders of record as of the close of business on June 20, 2016, the record date for the Meeting, are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. Aruntani’s vote will not be counted for the purpose of achieving majority of the minority shareholder approval of the Indico Peru Sale Resolution, and Stonehouse’s vote will not be counted for the purpose of achieving majority of the minority shareholder for the Termination Resolution.

**Q: If my Common Shares are held in street name by my broker, will my broker vote my Common Shares for me?**

A: You must contact your broker, as a broker will vote the Common Shares held by you only if you provide instructions to your broker on how to vote. Without instructions, those Common Shares will not be voted. Shareholders should instruct their brokers to vote their respective Common Shares by following the directions provided to them by their brokers. Unless your broker gives you its proxy to vote the Common Shares at the Meeting, you cannot vote those Common Shares owned by you at the Meeting. See the heading “*General Proxy Information – Beneficial Shareholders*” below.

**Q: Can I change my vote after I have voted by proxy?**

A: Yes. A Shareholder executing the enclosed form of proxy has the right to revoke it. A Shareholder may revoke a proxy by depositing an instrument in writing executed by him or her, or by his or her attorney authorized in writing, at the registered office of Indico at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting before the Meeting, or any adjournment or postponement thereof, or in any other manner permitted by law. See the heading “*General Proxy Information – Appointment and Revocation of Proxies*” below.

**Q: Who can help answer my question?**

A: Shareholders who would like additional copies, without charge, of this Information Circular or have additional questions about the Transaction, including the procedures for voting Common Shares or completing transmitted documents, should contact their broker or Robert Baxter, Chief Executive Officer and President of Indico, by phone at (778) 928-1864 or +54-936762648 or by email at [bbaxter@indicoresources.com](mailto:bbaxter@indicoresources.com).

## INFORMATION CIRCULAR

Suite 507 – 837 West Hastings Street  
Vancouver, British Columbia V6C 3N6  
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Website: www.indicoresources.com

With information as at June 20, 2016 (*except as otherwise indicated*)

### Summary of Information Circular

The following is a summary of certain information contained elsewhere in, or incorporated by reference into, this Information Circular. Certain capitalized terms used in this summary are defined in the following “*Glossary of Defined Terms*” or elsewhere in this Information Circular. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Information Circular.

#### The Meeting

The Meeting will be held on July 29, 2016 at 9:30 a.m. (Vancouver Time) at the offices of McMillan LLP at Suite 1500, 1055 West Georgia Street, Vancouver, BC.

#### Purpose of the Meeting

The purpose of the Meeting is for Shareholders to consider and vote on the Indico Peru Sale Resolution, and the Termination Resolution. The Indico Peru Sale Resolution is a special resolution to approve the acquisition of Indico Peru by Aruntani. See “*Particulars of Matters to be Acted upon – A. Approval of Indico Peru Sale Resolution*” for a summary of the principal terms of the Transaction. The Termination Resolution is an ordinary resolution to approve a settlement and release agreement pursuant to which Indico will terminate the Project Alliance Agreement substantively on the terms described under “*Particulars of Matters to be Acted upon – B. Approval of Termination Resolution*”.

#### Shareholder and Other Approvals

To be effective, the Indico Peru Sale Resolution must be approved by (i) not less than two-thirds (66%) of the votes cast at the Meeting in person or by proxy by Shareholders, (ii) at least a majority of the votes cast by Shareholders in person or by proxy after excluding votes cast by persons whose votes may not be included in determining minority approval pursuant to MI 61-101. See “*Particulars of Matters to be Acted upon – A. Approval of Indico Peru Sale Resolution*”.

To be effective, the Termination Resolution must be approved by at least a majority of the votes cast by Shareholders in person or by proxy after excluding votes cast by persons whose votes may not be included in determining minority approval pursuant to MI 61-101. See “*Particulars of Matters to be Acted upon – B. Approval of Termination Resolution*”.

The Transaction is also subject to the receipt of certain regulatory approvals, including the approval of the Exchange.

#### The Transaction

Indico proposes to sell all of its holdings in Indico Peru, a wholly owned subsidiary of Indico, to Aruntani. Indico Peru was granted an option to acquire a 100% interest in the Irmin Project by way of an option to acquire 100% of the issued and outstanding shares of, which holds an indirect 100% interest in the Irmin Property. Subsequently, Aruntani entered into an agreement with Inversiones whereby the two parties agreed to develop the Irmin Project through the incorporation of Compañía Minera Irmin S.A.C, a Peruvian corporation, with interest of this entity to be

held 70% by Aruntani and 30% by Inversiones. Indico's current interest is represented by the amount of the venture that would belong to Inversiones. The aggregate purchase price payable for the shares of Indico Peru, and therefore indirectly for all of Indico's interest in the Irmin Project, by Aruntani to the Company is US\$6 million and a 1% net smelter returns royalty.

### **Termination of the Project Alliance Agreement**

In connection with the Transaction, Indico proposes to terminate the Project Alliance Agreement, pursuant to which Stonehouse is granted certain rights with respect to the Irmin Project, on substantially the terms negotiated by the Board in a settlement and release agreement, as described more particularly under the heading "*Particulars of Matters to be Acted upon – B. Approval of the Termination Resolution*".

### **Recommendation of the Board**

After careful consideration and on the unanimous recommendation of the Special Committee, the Board unanimously determined that the consideration under the Transaction is fair to Indico and to Shareholders. Accordingly, the Board unanimously recommends that Shareholders vote FOR the Indico Peru Sale Resolution.

The Board also unanimously recommends that Shareholders vote FOR the Termination Resolution.

### **Principal Reasons for the Board's Favourable Recommendation**

In the course of its evaluation of the Transaction, the Board consulted with Indico's senior management, legal counsel and the Valuator, and considered the Transaction with reference to the general industry, economic and market conditions as well as the financial condition of Indico, its prospects, strategic alternatives, competitive position and the risks related to Indico's ongoing financing requirements. Specifically, the Board considered the following factors, among others:

- The Valuation Report as provided by the Valuator provides that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration offered meets the fair valuation of the assets being sold. The Valuation Report is summarized under the heading "Valuation Report" in this Information Circular.
- If approved, the Transaction is expected to provide the Company with the necessary capital required to restructure its operations and provide a cash reserve to deploy towards other projects.
- Completion of the Transaction is expected to provide Shareholders with more certainty of value given the greater volatility of shares of junior exploration companies like Indico.
- Indico currently relies on ongoing equity financing or third party partners to provide funding to advance its exploration projects. Recently, Indico has been unable to raise the necessary funding to further explore its mineral properties, or for general operating expenses. The ability to continue to obtain equity financing or partners for its exploration projects is uncertain.
- The process to complete the Transaction is procedurally fair. The following rights and approvals protect Shareholders: (i) the Indico Peru Sale Resolution must be approved by not less than two-thirds of votes cast at the Meeting by Shareholders; (ii) the Indico Peru Sale Resolution must be approved by a majority of disinterested Shareholders in accordance with MI 61-101; and (iii) the Transaction must be approved by the Exchange.
- The material conditions required for closing the Transaction, including Shareholder approval and regulatory approval, were considered by the Board to be reasonable under the circumstances.

In the course of its deliberations, the Board also identified and considered a variety of risks and potentially negative factors in connection with the Transaction, including the risks set out under the heading "*Risk Factors*".

The Board has determined that it is in the best interests of Indico to terminate the Project Alliance Agreement if it is to sell Indico Peru and as such the recommendation to Shareholders to vote in favour of the Termination Resolution is premised on the Board's favourable recommendation with respect to the Indico Peru Sale Resolution.

### **Valuation Report**

The Special Committee retained Evans & Evans, Inc. to prepare an independent comprehensive valuation report with respect to providing an independent opinion as to the fair market value of 100% of the issued and outstanding shares of Indico's wholly-owned subsidiary, Indico Peru as at May 31, 2016. The summary of the Valuation Report in this Information Circular can be reviewed under the heading "Valuation Report".

## GLOSSARY OF DEFINED TERMS

The following terms used in this Information Circular have the meanings set forth below:

“**Advance Notice Provision**” means advance notice provisions, which were approved by the shareholders at the Company’s annual general and special meeting held November 24, 2015.

“**Articles**” means the Articles of the Company approved and adopted by the shareholders at the Company’s annual general and special meeting held November 24, 2015.

“**Aruntani**” means Aruntani S.A.C.

“**BCA**” means the *Business Corporations Act* (British Columbia).

“**Beneficial Shareholders**” means shareholders who do not hold Common Shares in their own name.

“**Board**” means the board of directors of the Company.

“**Broadridge**” means Broadridge Financial Solutions, Inc.

“**CEO**” means Chief Executive Officer.

“**CFO**” means Chief Financial Officer.

“**Code**” means the Code of Business Conduct and Ethics, as adopted by the Board on September 24, 2015.

“**Common Shares**” means common shares without par value in the capital of the Company.

“**Company**” or “**Indico**” means Indico Resources Ltd.

“**Computershare**” means the Company’s transfer agent, Computershare Investor Services Inc.

“**Exchange**” means the TSX Venture Exchange.

“**Indico Peru**” means Indico Peru S.A.C, a wholly owned subsidiary of the Company.

“**Indico Peru Sale Resolution**” means the special resolution approving the Transaction that the Shareholders will be asked to pass at the Meeting.

“**intermediaries**” means brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

“**Inversiones**” means Inversiones Minerals S.A.C.

“**Meeting**” means the annual general and special meeting of shareholders of the Company to be held on July 29, 2016, and any adjournment or postponement thereof.

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**NI 54-101**” means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

**“NOBOs”** means Non-Objecting Beneficial Owners, or beneficial shareholders who do not object to the issuers of the securities they own knowing who they are.

**“NSR Royalty”** means the 1% net smelter returns royalty over the Irmin Project to be granted by Aruntani to Indico on closing of the Transaction.

**“OBOs”** means Objecting Beneficial Owners, or beneficial shareholders who object to their name being made known to the issuers of securities which they own.

**“Project Alliance Agreement”** means the Project Alliance Agreement for the Development, Construction and Operation of Minerals Extraction & Processing Projects between Indico and Stonehouse dated May 22, 2013.

**“Proxy”** means the accompanying form of proxy.

**“Record Date”** means the record date, June 20, 2016.

**“Shareholders”** means shareholders of the Company.

**“SHC Group”** means SHC Group Pte Ltd. (formerly, Stonehouse Constructions Pte Ltd.).

**“Special Committee”** means the special committee to the Board, consisting of Robert Parsons, Brian Kerzner, and Robert Baxter.

**“Stock Option Plan”** means the Company’s 10% rolling stock option plan dated for reference November 3, 2016.

**“Termination Resolution”** means the resolution approving the termination of the Project Alliance Agreement substantively on the terms contained in the settlement and release agreement between Indico and Stonehouse, as summarized in this Information Circular that Shareholders will be asked to pass at the Meeting.

**“Transaction”** means the purchase of all issued and outstanding shares of Indico Peru by Aruntani.

**“Valuator”** means the independent valuator required under MI 61-101, in this case Evans & Evans, Inc.

**“VIF”** means Voting Instruction Form.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

**THIS INFORMATION CIRCULAR IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF INDICO RESOURCES LTD. (“INDICO” OR THE “COMPANY”) OF PROXIES TO BE USED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE COMPANY (“SHAREHOLDERS”) AND ANY ADJOURNMENT OR POSTPONEMENT THEREOF (THE “MEETING”) TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING.**

In this Information Circular, references to the “Company”, “we” and “our” refer to Indico Resources Ltd. “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 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 the Common Shares held 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 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 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.**

### 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, the management appointee acting as a proxyholder will vote in favour of each matter identified on the Proxy and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy.**

### Registered Shareholders

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. A registered shareholder may submit a proxy using one of the following methods:

- (a) complete, date and sign the Proxy and return it to Computershare, by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to 8<sup>th</sup> Floor, 100 University

Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2<sup>nd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9; or

- (b) use a touch-tone phone to transmit voting choices to the toll free number given in the proxy. Registered shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) log on to Computershare's website at, [www.investorvote.com](http://www.investorvote.com). Registered shareholders must follow the instructions provided on the website and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In either case you must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the Board at its discretion without notice.

### **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) or as set out in the following disclosure.

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 intermediaries. In Canada the vast majority of such Common Shares are registered 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), and in the United States, 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).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: OBOs object to their name being made known to the issuers of securities which they own; and NOBOs do not object to the issuers of the securities they own knowing who they are.

These securityholder materials are being sent to both registered and non-registered (beneficial) owners of the securities of the Company. If you are a beneficial owner, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The proxy form supplied to you by your broker 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 your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge in Canada and in the United States. Broadridge mails a VIF in lieu of the proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), who is different from any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative, which may be you, in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge 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 and the appointment of any shareholder's representative.

If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.

### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

### **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 using one of the following methods:

- (a) execute a proxy bearing a later date or execute a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or at the address of the registered office of the Company at 1055 West Georgia Street, Suite 1500, PO Box 11117, Vancouver, British Columbia, V6E 4N7, 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) attend the Meeting in person and vote 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, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any 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 and as may be set out herein.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized capital of the Company consists of an unlimited number of Common Shares. As of the date of this Information Circular, the Company had 147,003,489 issued and outstanding Common Shares, each Common Share carrying the right to one vote.

The Board of the Company has fixed June 20, 2016, as 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.

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, the only persons or corporations that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company as at June 20, 2016 were:

Shareholder Name	Number of Common Shares Held	Percentage of Issued Common Shares
Aruntani S.A.C. <sup>1</sup>	40,000,000	27.2%
SHC Group Pte Ltd. <sup>2</sup>	28,846,919	19.6%

Notes:

1. Aruntani S.A.C. is a private mineral producer company based in San Isidro, Peru. Mr. Luis Alva, a director of the Company, is the General Manager and a director of Aruntani.
2. SHC Group is a private project development company based out of Singapore. Messrs. David Savage, Tareq Damerji and Asgari Stephens, directors of the Company, are directors and/or shareholders of SHC Group.

### **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the ordinary resolutions described herein. In order to pass the special resolution, a two-thirds (2/3) majority of affirmative votes cast on the special resolution at the Meeting is required. 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.

### **ELECTION OF DIRECTORS**

According to the Articles of the Company, the size of the Board is currently set at nine. As a result of recent changes to the Company over the past year and, further anticipated changes as set out below in this Information Circular, the Board has determined that the number of directors to be elected to the Board at the Meeting be reduced and set at five (5). The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the BCBCA, 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 or appointed.

### **Advance Notice Provisions**

On November 24, 2015, the shareholders of the Company approved the Articles for the purpose of adopting the Advance Notice Provision. The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the BCA or (ii) a shareholder proposal made pursuant to the provisions of the BCA.

The Advance Notice Provision requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision. A copy of the Articles containing the Advance Notice Provision was filed on March 24, 2016 under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). A detailed description of the Advance Notice Provision and the Company's purpose in adopting the Articles containing the Advanced Notice Provision, is set out in the Information Circular prepared for the Company's 2015 annual general and special meeting, which was filed under the Company's SEDAR profile on October 28, 2015.

### Nominees for Election as Director

The following disclosure 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, 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 June 20, 2016:

<b>Name of Nominee; Current Position with the Company and Province or State and Country of Residence<sup>(1)</sup></b>	<b>Occupation, Business or Employment<sup>(1)</sup></b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(2)</sup></b>
Robert Baxter <sup>(3)</sup> President, CEO and Director Lima, Peru	See " <i>Occupation, Business or Employment of Director Nominees</i> " below.	Since August 14, 2012	3,333,333
Robert Parsons <sup>(4)</sup> Chairman (non-executive) British Columbia, Canada	See " <i>Occupation, Business or Employment of Director Nominees</i> " below.	Since October 18, 2012	157,500
Brian Kerzner <sup>(5)</sup> Director British Columbia, Canada	See " <i>Occupation, Business or Employment of Director Nominees</i> " below.	Since October 18, 2012	175,000
Markus Willi <sup>(6)</sup> Director Zug, Switzerland	See " <i>Occupation, Business or Employment of Director Nominees</i> " below.	Since August 4, 2015	497,000
Timothy Moody Director Nominee Bristol, UK	See " <i>Occupation, Business or Employment of Director Nominees</i> " below.	N/A	Nil

Notes:

- (1) For each nominee's principal occupation, business or employment, please see "*Occupation, Business or Employment of Director Nominees*" below. The information as to principal occupation, business or employment is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) The information as to 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. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
- (3) Mr. Baxter also holds options to purchase 500,000 Common Shares at an exercise price of \$0.10 expiring August 6, 2020.
- (4) Mr. Parsons also holds options to purchase 300,000 Common Shares at an exercise price of \$0.10 expiring August 6, 2020.
- (5) Mr. Kerzner also holds options to purchase 500,000 Common Shares at an exercise price of \$0.10 expiring August 6, 2020. Mr. Kerzner exercises control and direction over warrants to purchase 600,000 Common Shares at an exercise price of \$0.15 expiring December 31, 2016.
- (6) Mr. Willi holds options to purchase 750,000 Common Shares at an exercise price of \$0.10 expiring August 6, 2020.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

A shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. **Unless otherwise instructed, the named**

**proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company.**

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

No proposed director is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) 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 has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) subject to 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
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **Occupation, Business or Employment of Director Nominees**

##### **Robert Baxter – President, CEO and Director**

Mr. Baxter has been President and CEO of the Company since July 10, 2012. Mr. Baxter brings over 27 years of experience, principally in Latin America, in the mining industry. Mr. Baxter is the General Manager of Baxter Consultants Engineering, a consulting company located in Peru. From May 2000 to September 2000, he held the position of Business Development Coordinator Americas for North Limited, a senior Australian mining company acquired by Rio Tinto, PLC in October 2000. Also at North Limited, Mr. Baxter held the posts of Regional Geologist, Americas from June 1999 to May 2000 and Regional Manager (Chile/Argentina) from November 1996 to June 1999. Mr. Baxter was previously a Director of Petaquilla Minerals Ltd. and was also a director of Chariot Resources Ltd. which was sold to China Sci Tech, a Hong Kong listed company. Mr. Baxter was the Chairman of the Board of Marcobre S.A.C., a 100% fully owned subsidiary of China Sci Tech, until September 2010. He was President, Chief Operating Officer and director of Norsemont Mining Inc. until March 2011 when the company was acquired by Hudbay Minerals. Mr. Baxter is also a director of Pan Global Resources Inc., Prism Resources Inc. and Xiana Mining Inc.

Mr. Baxter has a Bachelor of Applied Science (Honours) degree from the University of New South Wales and is a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM).

##### **Robert Parsons – (non-executive) Chairman of the Board**

Mr. Parsons is a Chartered Accountant and retired PricewaterhouseCoopers partner after a career spanning 34 years. He currently serves on the Advisory Board of the Indonesian Mining Association and the International Affairs Committee of the Prospectors and developers Association of Canada. He has served on the boards of the PDAC (1985-2003), the Indonesian Mining Association, the Canada Indonesia Chamber of Commerce, the World Mines Ministries Forum, the Canadian Minerals Industry Federation, the Advisory Council of the Centre for Resource Studies at Queens University, and the Professional Advisory Board of the Government of Canada's Petroleum

Monitoring Agency. Mr. Parsons is an active independent consultant in developing countries, where he has advised nineteen governments on mineral policy matters. Mr. Parsons is also a director of Kennedy Diamonds Inc. and Prism Resources Inc.

**Brian Kerzner – Director**

Mr. Kerzner has over 27 years of experience as a successful entrepreneur in retailing and real estate. Mr. Kerzner is the Founder and President of Rocky Mountain Chocolate Factory Canada Inc., which operates retail chocolate stores from coast to coast in Canada. He has also founded several other private companies that have completed extensive residential and commercial development in Toronto, Phoenix, Whistler and Vancouver. Mr. Kerzner has been extensively involved in providing seed capital for many successful public and private companies in the resources, environmental and technology sectors. He is a member of the BC Children’s Hospital Circle of Care and is actively involved in many other charitable organizations. Mr. Kerzner is also a director of Pan Global Resources Inc. and Prism Resources Inc. and was a Director of Norsemont Mining Inc.

Mr. Kerzner is an Honours graduate of the University of Toronto Bachelor of Commerce (B.Com) program.

**Markus Willi - Director**

Mr. Willi has over 29 years of experience in corporate banking and wealth management with a focus on the American continent. From 1987 until 2014, he worked in various senior management roles for Credit Suisse AG, Clariden Leu, UBS AG and Republic National Bank of New York (Suisse) AG. During the 1990s, he worked in the commodity derivatives area of UBS in New York covering American based companies in the non-ferrous/precious metals and energy area. In December 2015, he joined Sound Capital AG in Zurich and works as an advisor for selected families and companies in Latin America.

The University of St. Gallen awarded Mr. Willi the degree of a Licentiate in Business Administration/Economics (lic. oec. HSG), majoring in Business Administration with a specialization in “Finance and Accounting” in 1986. He attended the International Executive Program (IEP) at INSEAD during spring 2006.

**Tim Moody – Director**

Mr. Moody has over 30 years of experience in the mining industry, including mineral exploration, resource assessment, business development, strategy and government relations. This includes 24 years with Rio Tinto from 1992 to 2015. During 2005-2010, he was exploration Director for the Project Generation Group and the Asia Region, and from 2010 to 2015, he was Vice President and Director for Business Development. Mr. Moody has an impressive track record in discovery of mineral resources and commercial transactions in Australia, Asia, Latin America, Africa, Europe and North America. This includes leading the teams in identification and exploration of several projects now in feasibility and/or production in Peru, including Mina Justa, Constancia, La Granja, Corani and Ollachea. As Director of Business Development at Rio Tinto, his responsibilities included corporate strategy, M&A and public market transactions. His work in the international arena has provided him an impressive network of business and government contacts.

Mr. Moody has a Bachelor of Science with Honours from the University of New England, a graduate of the Senior Leadership Program from the London Business School, a graduate of the Business Leadership Development Program from the Australian Graduate School of Management, and is a Fellow of the Society of Economic Geologists.

**APPOINTMENT OF AUDITOR**

Smythe LLP, Chartered Professional Accountants, 7<sup>th</sup> Floor, 355 Burrard Street, Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company at remuneration to be fixed by the directors. Smythe LLP was first appointed auditors of the Company on June 24, 2010.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

NI 52-110 requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Such disclosure is set forth below.

### The Audit Committee's Charter

The Audit Committee has a charter. A copy of the audit committee charter is attached as Schedule "A" to the 2015 Management Information Circular filed on SEDAR at [www.sedar.com](http://www.sedar.com) on October 28, 2015.

### Composition of the Audit Committee

The members of the Audit Committee are Robert Parsons, Brian Kerzner and Tareq Damerji. NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment. Of the Company's current audit committee members, Robert Parsons, Brian Kerzner and Tareq Damerji are "independent" within the meaning of NI 52-110.

As defined under NI 52-110, a member of the audit committee is "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's financial statements. All of the members of the Company's audit committee are financially literate as that term is defined in NI 52-110.

### Relevant Education and Experience

See disclosure for each Audit Committee member, which is set out above under heading "*Occupation, Business or Employment of Director Nominees*".

All members of the Audit Committee have:

- an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- 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 issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

### Audit Committee Oversight

At no time since the commencement of the Company's most recent completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis* Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

## Pre-Approval Policies and Procedures

See the Audit Committee Charter for specific policies and procedures for the engagement of non-audit services. A copy of the audit committee charter is attached as Schedule “A” to the 2015 Management Information Circular filed on SEDAR at [www.sedar.com](http://www.sedar.com) on October 28, 2015.

## External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Smythe LLP, Chartered Professional Accountants, to the Company to ensure auditor independence. Fees incurred with Smythe LLP, Chartered Professional Accountants, for audit and non-audit services in the last two fiscal years are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Year Ended May 31, 2016	Fees Paid to Auditor in Year Ended May 31, 2015
Audit Fees <sup>(1)</sup>	\$28,000	\$28,000
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	Nil	3,000
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>\$28,000</b>	<b>\$31,000</b>

Notes:

- (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 a “venture issuer” as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

## CORPORATE GOVERNANCE

### General

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices; as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### 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 Company’s Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board facilitates its independent supervision over management by holding regular meetings at which members of management or non-independent directors are not in attendance and by retaining independent consultants where it deems necessary.

The Board is currently composed of nine directors: Robert Baxter, Hendrik van Alphen, Robert Parsons, Brian Kerzner, David Savage, Tareq Damerji, Asgari Stephens, Luis Alva and Marcus Willi, of whom only Robert Baxter is non-independent as he is the President and CEO of the Company. Messrs. van Alphen, Savage, Damerji, Stephens and Alva will not be standing for re-election at the Meeting. Accordingly, it is anticipated that following the Meeting the Board will have five directors: Robert Baxter, Brian Kerzner, Robert Parsons, Markus Willi and Timothy Moody, of whom the sole non-independent director will be Robert Baxter, President and CEO of the Company.

### Directorships

Directors who are currently serving on boards of other reporting companies (or equivalent) are set out below:

Name of Director	Name of Reporting Issuer	Exchange Listed
Robert Baxter	Prism Resources Inc. Pan Global Resources Inc. Xiana Mining Inc.	TSX Venture TSX Venture TSX Venture
Robert Parsons	Kennady Diamonds Inc. Prism Resources Inc.	TSX Venture TSX Venture
Brian Kerzner	Prism Resources Inc. Pan Global Resources Inc.	TSX Venture TSX Venture
Hendrik van Alphen	Cardero Resource corp. Jagercor Energy Corp. Wealth Minerals Ltd. Ethos Gold Corp. Centenera Mining Corporation	TSX, OTCBB TSX Venture TSX Venture TSX Venture TSX Venture
David Savage	Abzu Gold Ltd.	TSX Venture
Tareq Damerji	Kazax Minerals Inc.	TSX Venture

### Orientation and Continuing Education

New directors are briefed on the Company's current property holdings, ongoing exploration programs, overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. There is no formal orientation for new members of the Board. This is considered to be appropriate, given the Company's size and current level of operations, the ongoing interaction amongst the directors and the low director turn-over. However, if the growth of the Company's operations warrants it, it is possible that a formal orientation process would be implemented.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector and involving non-Canadian mineral properties. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. The directors are advised that, if a director believes that it would be appropriate to attend any continuing education event for corporate directors, the Company will pay for the cost thereof. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Board.

### Ethical Business Conduct

On September 24, 2015, the Board adopted the Code for its directors, officers and employees. The Board also established a new Share Trading Policy, which prescribes rules with respect to trading in securities of the Company

where there is any undisclosed material information or a pending material development. Strict compliance with the provisions of this policy will be required, with a view to enhancing investor confidence in the Company's securities and contributing to ethical business conduct by the Company's personnel. The full text of these standards are available free of charge to any person upon request to the Company at Suite 507 – 837 West Hastings Street, Vancouver, British Columbia V6C 3N6, Tel: 604-691-7462 / Fax: 604-893-2373, website: www.indicoresources.com, or by e-mail at: info@indicoresources.com.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the BCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

### **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 Company's management is continually in contact with individuals involved in the mineral exploration industry and public sector resource issuers. From these sources the Company has made numerous contacts and in the event that the Company were in a position to nominate any new directors, such individuals would be brought to the attention of the Board. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve.

The Board has a Corporate Governance and Nominating Committee. The members of the Corporate Governance and Nominating Committee are Brian Kerzner, Robert Parsons and Robert Baxter. The Charter of the Corporate Governance and Nominating Committee can be obtained by Shareholders upon request from the Company.

The Board has a Sustainability and Community Relations Committee. The members of the Sustainability and Community Relations Committee are Tareq Damerji, Markus Willi, and Robert Baxter.

### **Other Board Committees**

The current Board committees are the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Sustainability and Community Relations Committee. For information concerning the Compensation Committee please see "*Statement of Executive Compensation – Compensation Discussion and Analysis*" below.

### **Assessments**

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Named Executive Officer**

In this section "Named Executive Officer" (an "NEO") means the Chief Executive Officer (the "CEO"), the Chief Financial Officer (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 financial year ended May 31, 2016, the Company had two NEOs, namely Robert Baxter, the CEO, and Peggy Wu, the CFO.

*All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.*

### **Compensation Discussion and Analysis**

The Company is a junior resource company listed on the Exchange and its prime business is the acquisition and exploration of mineral properties.

The Board has established a Compensation Committee, and has adopted a written charter for the Compensation Committee, effective September 22, 2012. Messrs. Robert Parsons (Chair), Brian Kerzner and David Savage were members of the Compensation Committee during the year ended May 31, 2016. All members of the Compensation Committee are independent directors, except for David Savage, who has been determined by the Board to be in a “material relationship” with the Company as a director and shareholder of Stonehouse, which is a significant shareholder of the Company (holding 19.6% of the Company).

There is no written position description for the Chair of the Compensation Committee. However, as a general statement, the Chair is responsible for setting the tone for the work of the Compensation Committee, ensuring that members have the information needed to do their jobs, overseeing the logistics of the Compensation Committee’s operations, reporting to the Board on the committee’s decisions and recommendations and setting the agenda for the meetings of the Compensation Committee.

The Compensation Committee is responsible for assisting the Board in monitoring, reviewing and approving compensation policies and practises of the Company and its subsidiaries and administering the Stock Option Plan. With regard to the CEO, the Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to the CEO’s compensation, evaluating the CEO’s performance in light of those goals and objectives and making recommendations to the Board with respect to the CEO’s compensation level based on this evaluation. In consultation with the CEO, the Compensation Committee makes recommendations to the Board on the framework of executive remuneration and its cost and on specific remuneration packages for each of the directors and officers other than the CEO, including recommendations regarding awards under equity compensation plans.

The Compensation Committee has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers), but it did not retain any such outside consultants or advisers during the financial year ended May 31, 2016.

### **General Compensation Strategy**

The Compensation Committee has not formally considered the implications of the risks associated with the Company’s compensation policies and practices. The executive officers of the Company are compensated in a manner consistent with their respective contributions to the overall benefit of the Company, and in line with the criteria set out below.

Executive compensation is based on a combination of factors, including a comparative review of information provided to the Compensation Committee by compensation consultants, recruitment agencies and auditors (if any) as well as historical precedent. The Compensation Committee has not felt it necessary to retain any compensation consultants or other compensation advisers in respect of any prior fiscal years. In the case of a mineral exploration company such as the Company, the ability to determine and carry out generative programs based on new geological

theories or concepts in previously unexplored areas, the ability to source and secure promising mineral properties, the ability to raise the necessary capital to explore such properties and maintain the Company's ongoing activities, the ability to focus the Company's resources and to appropriately allocate such resources to the benefit of the Company as a whole, the ability to ensure compliance by the Company with applicable regulatory requirements and the ability to carry on business in a sustainable manner are considered by the Compensation Committee to be of primary importance in assessing the performance of its executive officers.

The Compensation Committee has not established a formal set of benchmarks or performance criteria to be met by Named Executive Officers, rather, the members of the Compensation Committee use their own assessments of the success (or otherwise) of the Company, both absolutely or in relation to companies they consider to be its peers, to determine, collectively, whether or not the executive officers are successfully achieving the Company business plan and strategy and whether they have over, or under, performed in that regard. The Compensation Committee has not established any set or formal formula for determining executive officer compensation, either as to the amount thereof or the specific mix of compensation elements.

Except as prohibited by law, the Named Executive Officers and directors are not currently prohibited from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a Named Executive Officer or director. To the Company's knowledge, no executive officer or director of the Company has entered into or purchased such a financial instrument.

### **Executive Compensation Program**

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. In determining the overall executive compensation, the Compensation Committee and the Board aims to establish a balance between annual compensation consisting of salary and bonus and long-term incentives in the form of stock options.

Compensation for fiscal years 2014, 2015 and 2016 has been based upon an executive's performance and level of expertise and responsibilities, with stock options being issued as an incentive for performance.

### **Elements of Executive Compensation**

The Company's executive officer total compensation is composed of three major components: base salary, a short-term incentive bonus and long-term incentives.

### **Base Salary or Fees**

Executives are engaged either directly or through executive services companies and are paid a monthly consulting fee for their services. Base fees of the Company's executive officers are determined through the annual assessment of each individual's performance and experience and other factors the Board and Compensation Committee consider to be relevant, including prevailing industry demand for personnel having comparable skills and performing similar duties, the compensation the individual could reasonably expect to receive from a competitor and the Company's ability to pay.

The Company has in place a Consulting Agreement with Robert Baxter, the President and CEO of the Company, pursuant to which Mr. Baxter receives the sum of \$240,000 per year for providing executive management services to the Company. During the year ended May 31, 2016, the Company did not award any increase in the base fees paid to Mr. Baxter.

See "Summary Compensation Table" below for details of the payments made to the Name Executive Officers for the financial year ended May 31, 2016.

### Short-Term Incentive Bonus

The second component of the executive officers' compensation is an annual cash bonus. Annual bonuses may be awarded at the sole discretion of the Board, based on recommendations of the Compensation Committee, for individual achievements, contributions or efforts that the Compensation Committee has determined can reasonably be expected to have a positive impact on the value of the Company to shareholders.

The Company did not pay any bonuses to its Named Executive Officers in the financial year ended May 31, 2016.

### Long-Term Incentives – Stock Options

The third component of the executive officers' compensation is the granting of options to purchase common shares pursuant to the terms of the Stock Option Plan. The Compensation Committee or the Board may grant stock options on an annual basis to directors, executive officers and senior managers.

The Stock Option Plan is an important part of the Company's long-term incentive strategy for its officers and directors, permitting them to participate in appreciation of the market value of the common shares over a stated period of time. The Stock Option Plan is intended to help attract and retain employees by providing them with an opportunity to participate in the future success of the Company and to reinforce commitment to long-term growth in profitability and shareholder value. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and employees. The Board believes that the Stock Option Plan aligns the interests of the executive officers and the Board with shareholders by linking a component of executive compensation to the longer term performance of the common shares.

In determining the number of stock options to be granted to the executive officers and directors, the Board or the Compensation Committee, as the case may be, takes into account the number of stock options, if any, previously granted to each executive officer and director and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange.

The number of stock options granted to officers and directors is also dependent on each officer's and director's level of responsibility, authority and importance to the Company and to the degree to which such officer's or director's long term contribution to the Company will be key to its long term success.

In monitoring or adjusting the option allotments, the Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible), its assessment of individual contribution to shareholder value and previous option grants. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the Stock Option Plan.

Information with respect to the Stock Option Plan is provided under "*Particulars of Matters to be Acted Upon – Annual Approval of Stock Option Plan*".

### Summary of Compensation – Named Executive Officers

The following table sets forth all annual and long term compensation for services paid to or earned by the Named Executive Officers for the three most recently completed financial years ended May 31, 2016.

Name and Principal Position	Year	Salary / Fee (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive Plan contribution		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Robert Baxter CEO	2016	240,000 <sup>(2)</sup>	Nil	38,311	Nil	Nil	Nil	Nil	278,311
	2015	240,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	240,000
	2014	240,000 <sup>(4)</sup>	Nil	73,864	Nil	Nil	Nil	Nil	273,864

Name and Principal Position	Year	Salary / Fee (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive Plan contribution		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Peggy Wu CFO	2016	Nil	Nil	15,324	Nil	Nil	Nil	58,750 <sup>(5)</sup>	74,074
	2015	Nil	Nil	Nil	Nil	Nil	Nil	57,500 <sup>(6)</sup>	60,000
	2014	Nil	Nil	2,622	Nil	Nil	Nil	60,000 <sup>(7)</sup>	68,618

Notes:

- (1) Fair value of incentive stock option grants calculated using the Black-Scholes model based on the following assumptions: for the fiscal year ended May 31, 2016: 6,440,000 options granted, risk-free interest rate – 0.78%; life expectancy – 5 years; expected volatility – 131%; expected dividends – nil.
- (2) Of this amount, \$240,000 was owing to Robert Baxter for management fees as at May 31, 2016.
- (3) Of this amount, \$240,000 was owing to Robert Baxter for management fees as at May 31, 2015.
- (4) Of this amount, \$40,000 was owing to Robert Baxter for management fees as at May 31, 2014.
- (5) Paid to Blue Pegasus Consulting Inc. (“Pegasus”), a private company owned and controlled by Peggy Wu, for financial and management services to the Company. Of this amount, \$58,750 was owing to Pegasus for management fees as at May 31, 2016.
- (6) Of this amount, \$57,500 was owing to Pegasus for management fees as at May 31, 2015.
- (7) Of this amount, \$10,000 was owing to Pegasus for management fees as at May 31, 2014.

## Incentive Plan Awards

### Outstanding Share-based Awards and Option-based Awards

No share-based awards were granted during the most recently completed financial year. The following table sets out all option-based awards outstanding as at May 31, 2016, for each NEO:

Name	Option-based Awards			Value of unexercised in-the-money options (\$)
	Number of securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date (mm/dd/yyyy)	
Robert Baxter	500,000	0.10	08/06/2020	Nil
Peggy Wu	200,000	0.10	08/06/2020	Nil

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

The following table sets out the value vested or earned under incentive plans during the fiscal year ended May 31, 2016, for each NEO:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Robert Baxter	Nil	n/a	n/a
Peggy Wu	Nil	n/a	n/a

Note:

- (1) The option value vested during the year is calculated by subtracting the option exercise price from the Common Share value at the close of business on May 31, 2016, which was \$0.035 per Common Share. A negative value is reported as “Nil”.

See *Securities Authorized under Equity Compensation Plans* below for further information on the Company’s stock option plan.

## Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

### Termination and Change of Control Benefits

The Company entered into a consulting agreement made as of November 1, 2012 with Robert Baxter (the “Baxter Agreement”) pursuant to which Mr. Baxter agreed to act as CEO and President of the Company for a term commencing on November 1, 2012 and continuing indefinitely until terminated in accordance with the terms of the Baxter Agreement. Pursuant to the Baxter Agreement, Mr. Baxter is entitled to receive a base consultancy fee of \$240,000 per year and is entitled to participate in the Company’s stock option plan as offered to other senior management personnel from time to time, in the sole discretion of the Board.

Pursuant to the Baxter Agreement, in the event the Baxter Agreement is terminated without cause, Mr. Baxter is entitled to a payment equal to his 12 months’ fee. Assuming the Baxter Agreement were to be terminated by the Company without cause on the last day of the preceding fiscal year, Mr. Baxter would be entitled to receive \$240,000.

In the event Mr. Baxter terminates his agreement with the Company within 30 days of a Change of Control, he is entitled to two times his annual base consulting fees and benefits. Assuming the Baxter Agreement was terminated by Mr. Baxter as the result of a Change of Control of the Company on the last of the preceding fiscal year; Mr. Baxter would be entitled to receive \$480,000.

### Director Compensation

The following table discloses the particulars of the compensation provided to the directors of the Company, who were not already disclosed as NEOs in the NEO information above, for the financial year ended May 31, 2016:

#### Non-Executive Director Compensation during the Year Ended May 31, 2016

Name	Fees Earned <sup>(1)</sup> (\$)	Share-based awards (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Luis Alva	8,587	Nil	57,467	Nil	Nil	Nil	66,054
Tareq Damerji	10,000	Nil	22,987	Nil	Nil	Nil	32,987
Brian Kerzner	12,000	Nil	38,311	Nil	Nil	Nil	50,311
Robert Parsons	14,000	Nil	22,987	Nil	Nil	Nil	36,987
David Savage	10,000	Nil	53,636	Nil	Nil	Nil	63,636
Asgari Stephens	10,000	Nil	22,987	Nil	Nil	Nil	32,987
Hendrik van Alphen	10,000	Nil	22,987	Nil	Nil	Nil	32,987
Markus Willi	8,207	Nil	57,467	Nil	Nil	Nil	65,674

Notes:

- (1) Although directors’ fees were earned, they were not paid in the financial year ended May 31, 2016.
- (2) Fair value of incentive stock option grants calculated using the Black-Scholes model based on the following assumptions: for the fiscal year ended May 31, 2016: 6,440,000 options granted, risk-free interest rate – 0.78%; life expectancy – 5 years; expected volatility – 131%; expected dividends – nil.

The Company recognizes the contribution that its directors make to the Company and seeks to compensate them accordingly. The Compensation Committee is responsible for making recommendations as to director compensation for the Board’s consideration and ultimate approval.

Each director is entitled to participate in any security-based compensation arrangement or other plan adopted by the Company from time to time with the approval of the Board. The directors are reimbursed for expenses incurred on the Company’s behalf. In addition, during the fiscal year ended May 31, 2016 the Company compensated its non-executive directors by paying them \$2,500 per quarter for their services as directors, in recognition of the fact that service as a director in an active resource exploration company such as the Company requires a significant commitment of time and effort, as well as the assumption of increasing liability.

Effective November 1, 2012, the Compensation Committee recommended, and the Board approved, payment of an annual retainer of \$1,000 to the Company’s (non-executive) Chairman of the Board and an additional retainer of

\$500 per committee meeting to be paid to those independent directors who provide additional services to the Company as committee members.

NEOs who also act as a director of the Company do not receive any additional compensation for services rendered in such capacity, other than as paid by the Company to such NEO in their capacity as an executive officer.

### Incentive Plan Awards

#### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth all awards outstanding for each of the non-executive directors of the Company as of May 31, 2016:

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (mm/dd/yyyy)	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Luis Alva	750,000	0.10	08/06/2020	Nil	n/a	n/a	n/a
Tareq Damerji	300,000	0.10	08/06/2020	Nil	n/a	n/a	n/a
Brian Kerzner	500,000	0.10	08/06/2020	Nil	n/a	n/a	n/a
Robert Parsons	300,000	0.10	08/06/2020	Nil	n/a	n/a	n/a
David Savage	700,000	0.10	08/06/2020	Nil	n/a	n/a	n/a
Asgari Stephens	300,000	0.10	08/06/2020	Nil	n/a	n/a	n/a
Hendrik van Alphen	300,000	0.10	08/06/2020	Nil	n/a	n/a	n/a
Markus Willi	750,000	0.10	08/06/2020	Nil	n/a	n/a	n/a

Note:

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.035 for the Common Shares on the Exchange on May 31, 2016 and the exercise price of the options, multiplied by the number of unexercised options.

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

The following table sets out the value vested or earned under incentive plans during the fiscal year ended May 31, 2016, for the non-executive directors of the Company:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Luis Alva	Nil	n/a	n/a
Tareq Damerji	Nil	n/a	n/a
Brian Kerzner	Nil	n/a	n/a
Robert Parsons	Nil	n/a	n/a
David Savage	Nil	n/a	n/a
Asgari Stephens	Nil	n/a	n/a
Hendrik van Alphen	Nil	n/a	n/a
Markus Willi	Nil	n/a	n/a

Note:

- (1) The option value vested during the year is calculated by subtracting the option exercise price from the Common Share value at the close of business on May 31, 2016, which was \$0.035 per Common Share. A negative value is reported as "Nil".

See *Securities Authorized under Equity Compensation Plans* below for further information on the Company's stock option plan.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Stock Option Plan is the only equity compensation plan under which securities are authorized for issuance. The following table sets forth information with respect to the Stock Option Plan as at the year ended May 31, 2016:

#### *Equity Compensation Plan Information*

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by securityholders - the Plan	6,440,000	\$0.10	8,260,349
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>6,440,000</b>	<b>\$0.10</b>	<b>8,260,349</b>

Note:

- (1) Based on the total number of shares authorized for issuance under the Company's Stock Option Plan, less the number of stock options outstanding as at May 31, 2016.

### **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 of the most recently completed financial year or as at the date hereof.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Information Circular, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries. The term "informed person" as defined in National Instrument 51-102 - *Continuous Disclosure Obligations* means a director or executive officer of the Company, or any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

As at May 31, 2016, included in due to related parties was \$1,256,960 (2015 - \$819,459) in expenses owing to companies with common directors.

As at May 31, 2016, included in loans payable was \$888,300 (2015 - \$819,475) in loans payable to directors, officers and a company with common directors.

The details of the transactions are as follows:

Name	Relationship	Amount included in due to related parties	Amount included in loans payable
Brian Kerzner	Director of the Company	\$ 24,500	\$ 70,500
David Savage	Director of the Company	\$ 22,500	\$ Nil
Robert Parsons	Director of the Company	\$ 26,500	\$ 5,000
Hendrik Van Alphen	Director of the Company	\$ 22,500	\$ Nil
Tareq Damerji	Director of the Company	\$ 22,500	\$ Nil
Asgari bin Mohd Fuad Stephens	Director of the Company	\$ 23,750	\$ Nil
Luis Alva	Director of the Company	\$ 8,587	\$ Nil
Markus Willi	Director of the Company	\$ 8,206	\$ Nil
Robert Baxter	President, CEO and Director of the Company	\$ 546,288	\$ 674,300
John Drobe	COO of the Company	\$ 45,938	\$ Nil
Blue Pegasus Consulting Inc.	Company controlled by the CFO of the Company	\$ 132,563	\$ Nil
Bayswater Consulting Ltd.	Company controlled by the Corporate Secretary of the Company	\$ 53,550	\$ Nil
Cardero Resource Corp.	Company where Hendrik Van Alphen is the common director	\$ 247,365	\$ Nil
Stonehouse Construction Pte Ltd.	Company where David Savage is the common director	\$ 72,213	\$ 138,500
<b>Total</b>		<b>\$ 1,256,960</b>	<b>\$ 888,300</b>

### MANAGEMENT CONTRACTS

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 executive officers of the Company.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### **A. Approval of the Indico Peru Sale Resolution**

##### ***Background***

On September 14, 2010, the Company entered into an agreement through Indico Peru, whereby Indico Peru was granted the exclusive option to acquire a 100% interest in the Irmin Property (then called the Ocaña Copper Gold Porphyry Project), by way of an option to acquire 100% of the issued and outstanding shares of Inversiones, which holds an indirect 100% interest in the Irmin Property. Under the terms of the Option Agreement, the Company made certain payments between September 14, 2010 and April 20, 2015 in order to acquire the interest.

In October 2014, the parties agreed to amend the final payment of US\$15.5 million due in April 2015. As part of the amending agreement, Inversiones was to commence construction at the Irmin Project on or before June 30, 2016 and commence production on or before June 30, 2018. Construction has commenced at the Irmin Project, and additional improvements were also made, including the completion of a new all-weather road, cleaning landslides, and the expansion of a highway in critical areas. Penalties are associated with inability to commence construction or production in accordance with the terms of the amending agreement.

On September 8, 2015, Inversiones entered into an agreement with Aruntani whereby the two entities agreed to develop the Irmin Project through the incorporation of Compañía Minera Irmin S.A.C, a Peruvian corporation, with interest of this entity to be held 70% by Aruntani and 30% by Inversiones. Aruntani is expected to fund

US\$18,700,000 representing its 70% investment while Inversiones will transfer its option to acquire Irmin Property. To date, Inversiones has spent approximately US\$8,000,000, which is expected to represent its 30% investment. Under the agreement between Inversiones and Aruntani, Aruntani will fund the continued expenditures related to the Irmin Property. As a result of this agreement, the Company's indirect interest in the Irmin Project was reduced to the 30% represented by Inversiones' interest.

On November 17, 2015, the Company reached an agreement with the community of Arirahua for the purchase of 876.8 hectares of surface rights covering the operations area of the Irmin project. This is a large area of surface rights which entitles the operators of the project to sue the area for mining and exploration of oxides and sulphides until the conclusion of mining operations at some period in the future. Upon conclusion, the surface rights revert to the Arirahua community after rehabilitation has been concluded.

In April 2016, Aruntani initiated discussions with Indico regarding a potential transaction, pursuant to which they would acquire Indico Peru, and indirectly the option to acquire interest in the Irmin Project through Inversiones Minerals S.A.C. In early May 2016, Aruntani made a proposal that was reviewed by the Company's Special Committee, the majority of members being independent directors of the Company, which was subsequently recommended for approval by the Board of Directors of Indico. Upon review of the recommendations of the special committee, the Board unanimously approved the sale of Indico Peru on June 24, 2016. Indico's Board and management believe the sale of Indico Peru is in the best interests of Shareholders as it provides significant cash consideration and an opportunity for Shareholders to preserve value and maintain exposure to the Irmin Project via the NSR; see the heading "*Principal reasons for the Board's Favourable Recommendation*" below.

#### ***Material Terms of the Transaction***

The aggregate purchase price payable for the shares of Indico Peru, and therefore indirectly for all of Indico's interest in the Irmin Project, by Aruntani to the Company is US\$6 million and a 1% NSR Royalty.

The NSR Royalty will be equal to 1% of the actual spot market value of the mineral production obtained from the mineral concessions comprising the Irmin Project, less any charges related to the transportation of the products, as well as the costs, charges, and taxes related to sale, treatment, marketing, and other similar expenses.

#### ***Shareholders' Approval***

Pursuant to section 301 of the *Business Corporations Act* (British Columbia), a sale, lease or disposal of all or substantially all of the property of the corporation, other than in the normal course of business, requires the approval of the corporation's shareholders by a special resolution. Notwithstanding other assets held by Indico, together with its cash and securities held in treasury, management believes that the Transaction, if closed, will constitute the disposition of substantially all of the Company's assets. As such, the Transaction is required to be approved by a special resolution of the Shareholders, requiring at least two-thirds of the votes cast at the Meeting to be voted in favour of the disposition.

In addition, Aruntani is the holder of approximately 27.21% of common shares in the capital of the Company, and is considered a "control person" as such term is defined by applicable securities laws. Accordingly, the Transaction will be a related party transaction pursuant to the provisions of MI 61-101. As a result, the resolution approving the Transaction must be passed by a majority of minority shareholders in accordance with the instrument, meaning that all shares held by Aruntani and any other interested parties will be excluded from the vote on the Indico Peru Sale Resolution.

At the Meeting, Shareholders will be asked to pass the Indico Peru Sale Resolution, as follows:

**"WHEREAS** Indico Resources Ltd. ("**Indico**" or the "**Company**"), as seller, and Aruntani S.A.C. ("**Aruntani**"), as purchaser, entered into a binding letter agreement dated May 6, 2016 (the "**Letter Agreement**"), pursuant to which Indico agreed, subject to the terms and conditions contained in the Letter Agreement which are to be incorporated in any future definitive agreements that the parties may enter into, to sell all of its right, title and interest in and to its wholly owned subsidiary, Indico Peru S.A.C. ("**Indico Peru**") (the "**Transaction**");

**AND WHEREAS** the Transaction is more particularly described in the Company's Management Information Circular dated June 27, 2016.

**BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The Letter Agreement, the actions of the directors of Indico in approving the Letter Agreement, and the actions of the directors and officers of Indico in giving effect to the Letter Agreement as well as entering into a definitive agreement (the "**Definitive Agreement**") substantially on the terms outlined in the Letter Agreement and the non-binding letter of intent between Aruntani and the Company that preceded the Letter Agreement, and any amendments thereto are hereby ratified, confirmed and approved.
2. Notwithstanding that these resolutions have been duly passed and the Transaction is approved by the shareholders of Indico, or that the Transaction may be approved by regulatory authorities having jurisdiction over the common shares of the Company, the directors of the Company are hereby authorized and empowered to amend the Letter Agreement and the Definitive Agreement.
3. Any director or officer of Indico is hereby authorized and directed on behalf of Indico to execute, whether under corporate seal of the Company or otherwise, and to deliver such documents as are necessary or desirable to give effect to the Letter Agreement or the Definitive Agreement.
4. Any director or officer of Indico is hereby authorized, for and on behalf and in the name of the Company, to execute and deliver, whether under corporate seal of the Company or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions, the Letter Agreement, the Definitive Agreement, and the closing of the Transaction in accordance with the terms of the Letter Agreement and the Definitive Agreement including:
  - (a) all actions required to be taken by or on behalf of Indico, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
  - (b) the signing of the certificates, consents and other documents or declarations required under the Letter Agreement and the Definitive Agreement or otherwise to be entered into by Indico,

Such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

***Approval and Recommendation of the Board***

The Board has concluded that the Transaction is in the best interest of Indico and its Shareholders. Given the current market conditions and the Company's insufficient financial resources, management believes that the Shareholders will benefit more by preserving residual value with the cash proceeds. In addition, management believes that Aruntani has the financial and managerial assets required to develop the Irmin Project, as well as the access to capital to continue advancing the Irmin Project.

The Board did not quantify or otherwise attempt to assign relative weight to the specific factors considered in reaching its determination.

**Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the special resolution to permit the Transaction. To be effective, the resolution must be passed by not less than two thirds of the votes cast by Shareholders in person or by proxy at the Meeting, and must also be passed by a majority of the disinterested Shareholders in the Transaction.**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE IN FAVOUR OF THE INDICO PERU SALE RESOLUTION APPROVING THE TRANSACTION.**

### ***Principal Reasons for the Board's Favourable Recommendation***

In the course of its evaluation of the Transaction, the Board consulted with Indico's senior management, legal counsel and the Valuator, and considered the Transaction with reference to the general industry, economic and market conditions as well as the financial condition of Indico, its prospects, strategic alternatives, competitive position and the risks related to Indico's ongoing financing requirements. Specifically, the Board considered the following factors, among others:

- The Valuation Report as provided by the Valuator provides that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration offered meets the fair valuation of the assets being sold. The Valuation Report is summarized under the heading "Valuation Report" in this Information Circular.
- If approved, the Transaction is expected to provide the Company with the necessary capital required to restructure its operations and provide a cash reserve to deploy towards other projects.
- Completion of the Transaction is expected to provide Shareholders with more certainty of value given the greater volatility of shares of junior exploration companies like Indico.
- Indico currently relies on ongoing equity financing or third party partners to provide funding to advance its exploration projects. Recently, Indico has been unable to raise the necessary funding to further explore its mineral properties, or for general operating expenses. The ability to continue to obtain equity financing or partners for its exploration projects is uncertain.
- The process to complete the Transaction is procedurally fair. The following rights and approvals protect Shareholders: (i) the Indico Peru Sale Resolution must be approved by not less than two-thirds of votes cast at the Meeting by Shareholders; (ii) the Indico Peru Sale Resolution must be approved by a majority of disinterested Shareholders in accordance with MI 61-101; and (iii) the Transaction must be approved by the Exchange.
- The material conditions required for closing the Transaction, including Shareholder approval and regulatory approval, were considered by the Board to be reasonable under the circumstances.

In the course of its deliberations, the Board also identified and considered a variety of risks and potentially negative factors in connection with the Transaction, including the risks set out under the heading "*Risk Factors*" below.

### **B. Approval of the Termination Resolution**

#### ***Background***

Indico and Stonehouse previously entered into the Project Alliance Agreement on May 22, 2013, pursuant to which Indico and Stonehouse agreed to collaborate and jointly work on mineral assets held by Indico, including the Irmin Project. Under the Project Alliance Agreement, Stonehouse had certain responsibilities, including the provision of management and supervision services. Pursuant to the terms of the Project Alliance Agreement and in the interest of work being conducted on Indico's mineral assets, Stonehouse advanced to Indico monies, of which \$72,213 is outstanding as trade payable to Stonehouse and \$134,300 is outstanding as part of a loan facility. In addition, Stonehouse had rights to nominate directors to the Board. As at the date of this Information Circular, Stonehouse's nominees on the Board are Asgari bin Mohd Fuad Stephens, David Savage, and Tareq Damerji.

In January 2014, Indico and Stonehouse completed a private placement pursuant to which Stonehouse acquired direct ownership and control of over 15,000,000 units of Indico, each unit consisting of one common share in the capital of the Company and one common share purchase warrant, for an aggregate acquisition price of \$1,500,000.

In connection with the Transaction, all rights held by Stonehouse pursuant to the Project Alliance Agreement must be terminated. As a result in June 2016, the Board negotiated a settlement and release agreement with Stonehouse,

the terms of which are summarized below under the heading “*Material Terms of the Agreement*”, that outlines the terms pursuant to which the Project Alliance Agreement can be terminated.

### ***Material Terms of the Termination***

In the settlement and release agreement negotiated and agreed to between the Board and Stonehouse, Indico must pay consideration to Stonehouse for the termination of the Project Alliance Agreement. This consideration specifically consists of the repayment to Stonehouse of all outstanding trade payable in the amount of \$72,213, the balance of a loan facility currently owing in the amount of \$134,300, a payment of US\$350,000, and 10% of the NSR Royalty to be received by Indico from the Irmin Project assuming completion of the Transaction. In addition to the termination of the Project Alliance Agreement, the terms of the settlement and release agreement as negotiated result in Stonehouse releasing Indico of any claims related to the Project Alliance Agreement or to the mineral assets underlying the Project Alliance Agreement.

### ***Shareholders’ Approval***

Stonehouse is the holder of approximately 19.6% of common shares in the capital of the Company, and is considered a “related party” as such term is defined by MI 61-101. As a result, the Termination Resolution must be passed by a majority of minority shareholders in accordance with the instrument, meaning that all shares held by Stonehouse and any other interested parties will be excluded from the vote on the Termination Resolution.

At the Meeting, Shareholders will be asked to pass the Termination Resolution, as follows:

“**WHEREAS** Indico Resources Ltd. (“**Indico**” or the “**Company**”), as seller, and Aruntani S.A.C., as purchaser, entered into a binding letter agreement dated May 6, 2016, pursuant to which Indico agreed, subject to the terms and conditions contained in the Letter Agreement which are to be incorporated in any future definitive agreements that the parties may enter into, to sell all of its right, title and interest in and to its wholly owned subsidiary, Indico Peru S.A.C. (the “**Transaction**”);

**AND WHEREAS** in connection with the Transaction, the Board has determined that Indico must terminate the Project Alliance Agreement for the Development, Construction and Operation of Minerals Extraction & Processing Projects between Indico and SHC Group Ltd. (then, Stonehouse Constructions Pte Ltd.) (the “**Project Alliance Agreement**”);

**AND WHEREAS** the Board has negotiated a settlement and release agreement to terminate the Project Alliance Agreement (the “**Settlement and Release Agreement**”) as more particularly described in the Company’s Management Information Circular dated June 20, 2016.

### **BE IT RESOLVED THAT:**

1. The Settlement and Release Agreement, the actions of the directors of Indico in approving the Settlement and Release Agreement, and the actions of the directors and officers of Indico in giving effect to the Settlement and Release Agreement, and any amendments thereto are hereby ratified, confirmed and approved.
2. Notwithstanding that these resolutions have been duly passed and the termination of the Project Alliance Agreement is approved by the shareholders of Indico, the directors of the Company are hereby authorized and empowered to amend the Settlement and Release Agreement.
3. Any director or officer of Indico is hereby authorized and directed on behalf of Indico to execute, whether under corporate seal of the Company or otherwise, and to deliver such documents as are necessary or desirable to give effect to the Settlement and Release Agreement.
4. Any director or officer of Indico is hereby authorized, for and on behalf and in the name of the Company, to execute and deliver, whether under corporate seal of the Company or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all

such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions, the Settlement and Release Agreement, and the termination of the Project Alliance Agreement in accordance with the terms of the Settlement and Release Agreement including:

- (a) all actions required to be taken by or on behalf of Indico, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
- (b) the signing of the certificates, consents and other documents or declarations required under the Settlement and Release Agreement or otherwise to be entered into by Indico,

Such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.”

### ***Approval and Recommendation of the Board***

The Board has concluded that the termination of the Project Alliance Agreement is in the best interest of Indico and its Shareholders. The termination of the Project Alliance Agreement is necessary to allow for the sale of Indico Peru to Aruntani, which will provide the Company with valuable financial resources, as more particularly described under the heading “*Particulars of Matters to be Acted Upon – A. Approval of the Indico Peru Sale Resolution*”.

**Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the resolution to permit the termination of the Project Alliance Agreement. To be effective, the resolution must be passed by a majority of the disinterested Shareholders in the termination of the Project Allianec Agreement.**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE IN FAVOUR OF THE TERMINATION RESOLUTION APPROVING THE TERMS OF THE SETTLEMENT AND RELEASE AGREEMENT FOR THE TERMINATION OF THE PROJECT ALLIANCE AGREEMENT.**

### **C. Annual Approval of Stock Option Plan**

#### ***Background***

The Company has a Stock Option Plan dated for reference November 3, 2006. The Stock Option Plan is a rolling plan. Under the Plan, options totalling a maximum of 10% of the Common Shares outstanding from time to time are available for grant.

To comply with the policies of the TSXV covering “rolling” option plans, continued grants under the Plan must be approved annually by the shareholders of the Company. At the Meeting shareholders will be asked to ratify and approve the Plan for continuation until the next annual general meeting of the Company.

#### ***Outstanding Options***

As at June 20, 2016 there were 147,003,489 Common Shares issued and outstanding. Accordingly, under the Plan the Company has the authority to grant options to purchase up to a total of 14,700,349 Common Shares. At the date of this Information Circular, options to purchase an aggregate of 5,990,000 Common Shares are granted and outstanding under the Plan, representing approximately 4.38% of the outstanding Common Shares in the capital of the Company. Accordingly, 8,710,349 options remain available for grant under the Plan.

#### ***Material Terms of the Plan***

The Plan provides that the terms of the options and the option price may be fixed by the Board subject to the price restrictions and other requirements of the Exchange. The Plan also provides that no option may be granted to any person except upon the recommendation of the Board, and only directors, officers, employees, consultants and other

key personnel of the Company or any subsidiary may receive options. Options granted under the Plan may not be exercisable for a period longer than ten years and the exercise price must be paid in full upon exercise of the option.

The Plan is subject to the additional following restrictions:

- (a) the Company shall not grant options to any one person in any 12 month period which could, when exercised, result in the issuance of Common Shares exceeding 5% of the issued and outstanding Common Shares of the Company;
- (b) the Company shall not grant options to any one consultant in any 12 month period which could, when exercised, result in the issuance of Common Shares exceeding 2% of the issued and outstanding Common Shares of the Company;
- (c) the Company shall not grant options in any 12 month period, to persons employed or engaged by the Company to perform investor relations activities which could, when exercised, result in the issuance of Common Shares exceeding, in the aggregate, 2% of the issued and outstanding Common Shares of the Company;
- (d) if any option expires or otherwise terminates for any reason without having been exercised in full, the number of common share in respect of which the option expired or terminated shall again be available for the purposes of the Plan;
- (e) if an option holder dies, any vested option held by him or her at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;
- (f) if an option holder ceases to be a director, officer or employed by or provide services to the Company, other than by reason of death, the options granted will expire on the 90th day following the date the option holder ceases to be affiliated with the Company, subject to any regulatory requirements;
- (g) a four month hold period (commencing on the date the stock options are granted) is required for options granted to insiders of the Company or granted at any discount to the Market Price (as defined in Exchange Policy 1.1);
- (h) all options granted to consultants performing investor relations activities will vest in stages over 12 months with no more than one-quarter of the options vesting in any three month period; and
- (i) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Common Shares under the Plan in respect of options which have not yet been granted under the Plan, subject to regulatory approval.

Notice of options granted under the Plan must be given to the Exchange on a monthly basis. Any amendments to the Plan must also be approved by the Exchange and, if necessary, by the shareholders of the Company prior to becoming effective.

***Shareholder Resolution Approving Continuation of Stock Option Plan***

Shareholders will be asked at the Meeting to consider and, if thought fit, pass an ordinary resolution, with or without variation, as follows:

“RESOLVED, as an ordinary resolution, that the Company’s Stock Option Plan, dated for reference November 3, 2006, last approved for continuation by the shareholders on November 24, 2015, be and is hereby ratified, confirmed and approved for continuation until the next annual general meeting of the Company.”

A copy of the Plan will be available for review by any Shareholder at the Meeting. A copy of the Plan can also be made available to any Shareholder on request to the Company.

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.

The Board considers that the ability to grant incentive stock options is an important component of its compensation strategy and is necessary to enable the Company to attract and retain qualified directors, officers, employees and consultants. The Board therefore recommends that shareholders vote "For" the resolution re-approving the Company's Stock Option Plan. Unless otherwise instructed, the Company's management nominees named in the enclosed form of proxy will vote "IN FAVOUR" of the above resolution. If the Plan is not re-approved by the shareholders, existing options will not be affected, but new options granted by the Company will be required to be approved by the shareholders before they can be exercised by the holders thereof.

### **RISK FACTORS**

Shareholders are encouraged to obtain independent legal, tax and investment advice in their jurisdiction of residence with respect to this Information Circular and the consequences of the Transaction.

The Transaction involves certain risks. Before making a decision respecting the Transaction, Shareholders should carefully consider all of the information in this Information Circular in evaluating whether to approve the Asset Sale Resolution.

**Shareholders indirect interest in the Irmin Project is based on the value of the 1% net smelter return royalty being granted to Indico on closing of the Transaction by Aruntani.**

There can be no guarantee that Aruntani will be able to achieve production or profit, and as such there may not be any value to Indico or the Shareholders in having a royalty over the Irmin Project.

**The Company has no other mineral assets.**

Indico is in the business of exploring and evaluating mineral properties. As at the date of this Information Circular, Indico has no other mineral properties and no agreements to acquire additional mineral properties. As such, the value of Indico after closing of the Transaction will be dependent on the ability of management and the Board to find and develop new mineral assets or enter into different business ventures.

**If the Transaction does not close, Indico's financial position will be adversely affected.**

The Company had a working capital deficit, as at February 29, 2016, of \$3,635,868. Since that date, Indico has incurred additional operating expenses in the ordinary course of business, which will be outlined in the audited financial statements of the Company for the year ended May 31, 2016. If the Transaction does not close, or if Indico is unable to obtain financing through an offering of securities of the Company or some other means, Indico may not be able to continue as a going concern. If Indico is unable to continue as a going concern, Indico may need to liquidate its assets, including its interest in the Irmin Project, and may receive less than the value currently ascribed to such assets. It is also likely that Shareholders will lose all or a part of their investment.

### **VALUATION REPORT**

The Valuator has prepared an independent comprehensive valuation report dated June 27, 2016 with respect to providing an independent opinion as to the fair market value of 100% of the issued and outstanding shares of Indico's wholly-owned subsidiary, Indico Peru as at May 31, 2016.

A copy of the complete valuation report will be sent to any security holder of Indico upon request without charge. To receive a copy, please contact Robert Baxter, Chief Executive Officer and President of Indico, by phone at (778) 928-1864 or +54-936762648 or by email at [bbaxter@indicoresources.com](mailto:bbaxter@indicoresources.com).

## **Summary of Report**

The Valuator determined a range of values that can be applied to Indico Peru, specifically noting that in its opinion, the range is \$8.06 million to \$8.41 million. These figures are in Canadian dollars.

The Valuator specifically reviewed a number of items in coming to its conclusions, including the mining industry in Peru, the information contained in disclosure documents of Indico relating to the Irmin Project, the copper market generally, and the organization and contractual obligations of Indico Peru, among other considerations. The Valuator valued Indico Peru as a going concern basis, since Indico Peru had sufficient funds to continue operations under its current corporate organization structure, it had no outstanding debt, and the going concern approach results in a higher value than a liquidation approach.

The Valuator did not deduct future option payments from the calculated value of the Irmin Project, as future option payments are dependent on additional work that would enhance the prospects of the Irmin Project, since the future value would potential exceed the current fair market value as the property is de-risked and the resource is expanded.

Two methods were used in establishing \$8.06 million to \$8.41million as the range of fair market value for the issued and outstanding shares of Indico Peru. First, mergers & acquisitions provide strong indicators of value as they reflect actual prices in the market; however they are also dependent on changes in commodity prices and global economic outlines that can make those values less relevant as at the date of valuation. In connection with this method, the Valuator considered the investment made by Aruntani in Indico in July of 2015. The implied value of the investment in Indico was used as a proxy for the value of Indico Peru as it is the primary asset of Indico. In July of 2015, Indico completed a private placement for gross proceeds of approximately \$3.0 million, which implied a value of Indico at that time of \$11,030,000. Arunanti was the sole investor in the financing. Second, the Guideline Public Company Method captured the market sentiment towards companies with copper assets as at the date of valuation. The low range of value was derived more from the Guideline Public Company Method which reflects the current market sentiment for copper exploration companies. The high end of the valuation range placed more weighting on the Mergers & Acquisition Method given the significant investment made in Indico Resources by Aruntani.

## **Qualification and Independence**

Indico has paid the Valuator a fixed fee for their services in creating the valuation report, and the Valuator has been determined to be qualified and independent by the Special Committee of Indico. The Special Committee determined that the Valuator was qualified on the basis of the professional qualifications of the individual responsible for the valuation, including their holding of the designations of Chartered Business Valuator and Accredited Senior Appraiser, in addition to being their employment as an analyst and valuator by Evans & Evans, Inc. since 1997, as well as due to the fact that the Valuator is in the business of conducting valuations of companies. The Special Committee determined that the Valuator was independent on the basis that the Valuator was given no financial incentives related to the closing of the Transaction and was hired to report directly to the Special Committee and not to any interested parties in the Transaction, and has further obtained a certification from the Valuator that the Valuator is independent to Indico, Indico Peru, and Aruntani within the meaning of applicable securities laws.

## **Interest of Experts**

Evans & Evans, Inc. has provided the Valuation Report. As of the date of this Information Circular, the Valuator has advised that the partners and associates of Evans & Evans, Inc. as a group beneficially own, directly or indirectly, less than 1% of the outstanding securities of Indico, Aruntani or their respective associates and affiliates.

## **Other Business**

Management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

## Forward-Looking Statements

Certain statements contained or incorporated by reference in this Information Circular are forward-looking statements, including, but not limited to, those relating to the Transaction, the timing of the various approvals for the Transaction, the timing of the closing of the Transaction, information other than historical facts concerning Indico, and other statements that are not historical facts. These statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including Indico's experience and perceptions of historical trends, current conditions and expected future developments, as well as other factors that are believed to be reasonable in the circumstances.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of Indico, including but not limited to those statements under the headings "*Particulars of Matters to be Acted Upon – Approval and Recommendation of the Board*", "*Principal Reasons for the Board's Favourable Recommendation*" and "*Risk Factors*".

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "seeks", "likely" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Examples of the assumptions underlying the forward-looking statements contained herein include, but are not limited to, those related to: the receipt of all necessary consents and approvals (including, without limitation, Shareholder and regulatory) for the Transaction, the ability of Indico to obtain necessary financing to pursue its business plans, the achievement of exploration and development goals, the obtaining of all necessary permits and governmental approvals, as well as expectations regarding availability of equipment, skilled labour and services needed for exploration and development of mineral properties, development, operating or regulatory risks, trends and developments in the mining industry, business strategy and outlook, expansion and growth of business and operations. Other assumptions on which the forward-looking information contained herein is predicated are set out in this Information Circular and the documents incorporated by reference herein.

By its nature, forward-looking information is subject to risks and uncertainties, and there are a variety of material factors, many of which are beyond the control of Indico, that may cause actual outcomes to differ materially from those discussed in the forward-looking statements. These factors include, but are not limited to: receipt of all necessary consents and approvals; future prices of metal; equipment or processes to operate as anticipated; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in the countries in which Indico now carries on business or where Indico may carry on business in the future if the Transaction is completed; and management's success in anticipating and managing the foregoing factors, as well as the risks described under the heading "*Risk Factors*" and other risks set out in this Information Circular and the documents incorporated by reference herein.

These risk factors are not intended to represent a complete list of the risk factors that could affect Indico. Although Indico has attempted to identify in this Information Circular important factors that could cause actual actions, events or results to differ materially from those described in the forward looking statements included herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, and there can be no assurance that the forward-looking statements in this Information Circular will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements in this Information Circular. All of the forward-looking statements made in this Information Circular are qualified by these cautionary statements.

These forward-looking statements are made as of the date of this Information Circular and, other than as specifically required by law, Indico does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). To obtain copies of the Company's financial statements and management's discussion and analysis (which contain financial information about the Company), or the Valuation Report, Shareholders are directed to the Company's filings on SEDAR or may request copies of such information in writing by contacting the Company at: Suite 507 – 837 West Hastings Street, Vancouver, British Columbia V6C 3N6, Tel: 604-691-7462 / Fax: 604-893-2373, website: [www.indicoresources.com](http://www.indicoresources.com), or by e-mail at: [info@indicoresources.com](mailto:info@indicoresources.com).

The contents and sending of this information circular have been approved by the directors of the Company.

DATED at Vancouver, British Columbia, on June 27, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

*“Robert Baxter”*

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Robert Baxter  
Chief Executive Officer and President

**CONSENT OF EVANS & EVANS, INC.**

To: The Board of Indico Resources Ltd.

We have read the management information circular (the “**Information Circular**”) of Indico Resources Ltd. (the “**Company**”) dated June 27, 2016 relating to the special meeting of shareholders of the Company to approve the Transaction (as such term is defined in the Information Circular).

We consent to the inclusion in the Information Circular of our valuation report dated June 23, 2016 and references to our firm name and the summary of our valuation report in the Information Circular. In providing our consent, we do not intend that any person other than the board of directors of the Company be entitled to rely upon our opinion.

(signed) “*Evans & Evans, Inc.*”

Vancouver, British Columbia  
June 27, 2016