



NOTICE OF ANNUAL GENERAL MEETING

AND

INFORMATION CIRCULAR

FOR

ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

OF

INDICO RESOURCES LTD.

TO BE HELD ON OCTOBER 23, 2017

INDICO RESOURCES LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 2017 annual general 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, British Columbia, V6E 4N7, on **Monday, October 23, 2017**, at 10:00 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, 2017, 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 and to authorize the directors to fix the auditor’s remuneration;
4. 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
5. 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 September 12, 2017, 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 12th day of September, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

“Robert Baxter”

Robert Baxter
Chief Executive Officer and President

INDICO RESOURCES LTD.

INFORMATION CIRCULAR FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 23, 2017

This information is given as of September 12, 2017 unless otherwise noted.

PERSONS MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of INDICO RESOURCES LTD. (the “Company”) for use at the annual general meeting (the “Meeting”) of the Shareholders of the Company, to be held on Monday, October 23, 2017, at the time and location and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

Except as noted below, the Company has distributed or made available for distribution, copies of the Notice, the Information Circular and form of proxy or voting instruction form (“VIF”) (if applicable) (the “Meeting Materials”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “Intermediaries”) for distribution to Beneficial Shareholders (as defined below) whose Common Shares (as defined below) are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Company is sending proxy-related materials directly to NOBOs (as defined below), through the services of its transfer agent and registrar, Computershare Investor Services Inc. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Company if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Company will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Company is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered shareholders or Beneficial Shareholders.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for such shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Company’s transfer agent and registrar, Computershare Investor Services Inc., Proxy Department, by fax within North America at 1-866-249-7775, outside North America at 416-263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment thereof, or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered shareholder or his, her or its attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the shareholder or by such shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:
 - (i) at the registered office, Suite 1500 – 1055 West Georgia Street, Vancouver, BC, V6E 4N7, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof; or
 - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or

- (b) in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. The Common Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted on, the Common Shares will be voted accordingly. **In the absence of such direction, where the management nominees are appointed as proxyholder, such common shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Common Shares, or non-objecting beneficial owners (“NOBOs”) whose names has been provided to the Company’s registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of shareholders who do not hold their Common Shares in their own name (referred to in this section as “Beneficial Shareholders”). If Common Shares are listed in an account statement provided to a shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in such shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the shareholder’s Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common Shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Company to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically mails the VIFs or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the VIFs or proxy forms to Broadridge. 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. A Beneficial Shareholder receiving a proxy or VIF from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their Common Shares in that capacity.

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert his or her name (or the name of the person that the NOBO wants to attend and vote on the NOBO’s behalf) in the space provided on the VIF and return it to the Company or its transfer agent. If the Company receives a written request that the NOBO or its nominee be appointed as proxyholder, if management is holding a proxy with respect to common shares beneficially owned by such NOBO, the Company will arrange, without expense to the NOBO, to appoint the NOBO or its nominee as proxyholder in respect of those common shares. Under NI 54-101, unless corporate law does not

allow it, if the NOBO or its nominee is appointed as proxyholder by the Company in this manner, the NOBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. If the Company receives such instructions at least one business day before the deadline for submission of proxies, it is required to deposit the proxy within that deadline, in order to appoint the NOBO or its nominee as proxyholder. **If a NOBO requests that the NOBO or its nominee be appointed as proxyholder, the NOBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the NOBOs vote to be counted.**

NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact their Intermediary to arrange to change their vote. NOBOs should carefully follow the instructions of their Intermediaries, including those regarding when and where to complete the VIF's that are to be returned to their Intermediaries.

Should an objecting beneficial owner (an "OBO") wish to attend and vote at the Meeting in person, the OBO should insert his or her name (or the name of the person the OBO wants to attend and vote on the OBO's behalf) in the space provided for that purpose on the request for voting instructions form and return it to the OBO's Intermediary or send the Intermediary another written request that the OBO or its nominee be appointed as proxyholder. The Intermediary is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or its nominee as proxyholder in respect of the OBO's common shares. Under NI 54-101, unless corporate law does not allow it, if the Intermediary makes an appointment in this manner, the OBO or its nominee, as applicable, must be given authority to attend, vote and otherwise act for and on behalf of the Intermediary (who is the registered shareholder) in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. An Intermediary who receives such instructions at least one business day before the deadline for submission of proxies is required to deposit the proxy within that deadline, in order to appoint the OBO or its nominee as proxyholder. **If an OBO requests that an Intermediary appoint the OBO or its nominee as proxyholder, the OBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the OBOs vote to be counted.**

OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered. Only registered Shareholders have the right to revoke a proxy. OBOs who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.

Shareholders with questions respecting the voting of shares held through an Intermediary should contact that Intermediary for assistance.

All references to shareholders in this Information Circular and the accompanying form of proxy and Notice are to shareholders of record unless specifically stated otherwise.

NOTE TO NON-OBJECTING BENEFICIAL OWNERS

The Meeting Materials are being sent to both registered and NOBOs. If you are a NOBO, and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of common shares without par value ("Common Shares"). As at September 12, 2017, 147,003,489 Common Shares were issued and outstanding.

The Company has fixed the close of business on September 12, 2017 as the record date (the "Record Date") for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. At a general meeting

of the Company, on a show of hands, every Shareholder present in person shall have one vote and, on a poll, every Shareholder shall have one vote for each Common Share of which he, she or it is the holder. The Company has no other classes of voting securities.

In accordance with the provisions of the *Business Corporations Act* (British Columbia), the Company will prepare a list of the holders of Common Shares on the Record Date. Each holder of Common Shares named on the list will be entitled to vote the Common Shares shown opposite his, her or its name on the list at the Meeting.

To the knowledge of the directors and officers of the Company, the following persons or companies beneficially own, directly or indirectly or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company:

Name	Number of Shares Held	Percentage of Shares Held
Aruntani S.A.C. ¹	40,000,000	27.21%
SHC Group Pte Ltd. ²	27,678,751	18.83%

1. Aruntani S.A.C. is a private mineral producer company based in San Isidro, Peru.
2. SHC Group Pte Ltd. (formerly Stonehouse Constructions Pte Ltd.) (“SHC Group”) is a private project development company based out of Singapore. Messrs. David Savage, Tareq Damerji and Asgari Stephens, former directors of the Company, are directors and/or shareholders of SHC Group.

The above information was provided by management of the Company and the Company’s registrar and transfer agent as of the Record Date.

VOTES NECESSARY TO PASS RESOLUTIONS

Under the Company’s Articles, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued common shares entitled to be voted at the Meeting. A simple majority of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required in order to pass an ordinary resolution. A majority of two-thirds of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required to pass a special resolution. There are no special resolutions proposed at this Meeting.

STATEMENT OF EXECUTIVE COMPENSATION

For the purpose of this Information Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officer**” or “**NEO**” means: (a) a CEO; (b) a CFO; (c) the Company’s most highly compensated executive officers, including any of the Company’s subsidiaries, or the most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the financial year ended May 31, 2017, the Company had two Named Executive Officers, namely Robert Baxter, the President and CEO, 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 TSX Venture Exchange (the “Exchange”), and its prime business is the acquisition and exploration of mineral properties.

The board of directors of the Company (the “Board”) has established a Compensation Committee, and has adopted a written charter for the Compensation Committee, effective September 22, 2012. Messrs. Robert Parsons and Brian Kerzner were members of the Compensation Committee during the year ended May 31, 2017. All members of the Compensation Committee are independent directors.

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 Company’s stock option plan (the “Stock Option Plan”). With regard to the CEO, the Compensation 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, 2017.

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 2016 and 2017 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, 2017, the Company did not award any increase in the base fees paid to Mr. Baxter.

See "Director and Named Executive Officer Compensation" below for details of the payments made to the Name Executive Officers for the financial year ended May 31, 2017.

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, 2017.

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.

The Company did not grant any stock options to its Named Executive Officers in the financial year ended May 31, 2017.

Director Compensation

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, 2017 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, the payment of annual retainer of \$1,000 per year to be paid to the Company's (non-executive) Chairman of the Board and an additional retainer of \$500 per meeting to be paid to those independent directors who provide additional services to the Company as committee members.

In addition, on May 20, 2016 the Board approved the payment of US\$25,000 to each of Robert Parsons and Brian Kerzner for acting as a member of the Company's special committee formed for the purpose of reviewing the transaction with Aruntani S.A.C. for the purchase of the Company's interest in the Irmin project by way of the acquisition of Indico Peru, the Company's wholly owned subsidiary (the "Aruntani Transaction").

Named Executive Officers who also act as directors of the Company do not receive any additional compensation for services rendered in such capacity, other than as paid by the Company to such Named Executive Officers in their capacity as executive officers.

See "Director and Named Executive Officer Compensation" below for details of the payments made to the directors and Name Executive Officers for the financial year ended May 31, 2017.

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long term compensation for services paid to or earned by each NEO and director for the two most recently completed financial years ended May 31, 2017.

Table of Compensation excluding Compensation Securities

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Robert Baxter President, CEO and Director	2017	240,000	nil	nil	nil	nil	240,000 ¹
	2016	240,000	nil	nil	nil	nil	240,000 ¹
Peggy Wu CFO	2017	nil	nil	nil	nil	60,000 ^{2,3}	60,000 ^{2,3}
	2016	nil	nil	nil	nil	58,750 ^{2,3}	58,750 ^{2,3}
Robert Parsons Chairman and Director	2017	12,000	nil	33,565 ⁴	nil	nil	45,565 ⁵
	2016	14,000	nil	nil	nil	nil	14,000 ⁵
Brian Kerzner Director	2017	11,000	nil	33,565 ⁴	nil	nil	44,565 ⁶
	2016	12,000	nil	nil	nil	nil	12,000 ⁶
Markus Willi Director	2017	10,000	nil	nil	nil	nil	10,000 ⁷
	2016	8,207	nil	nil	nil	nil	8,207 ⁷
Timothy Moody ⁸ Director	2017	8,424	nil	nil	nil	nil	8,424 ⁹
	2016	n/a	n/a	n/a	n/a	n/a	n/a

- Of this amount, \$240,000 was owing to Robert Baxter for management fees as at May 31, 2017 (2016 - \$240,000).
- 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, \$60,000 was owing to Pegasus for management fees as at May 31, 2017 (2016 - \$58,750).
- Fee of US\$25,000 (CAD\$33,565) paid for being a member of the Special Committee for the Aruntani Transaction.
- Of this amount, \$45,565 was owing to Robert Parsons as at May 31, 2017 (2016 - \$12,000).
- Of this amount, \$44,565 was owing to Brian Kerzner as at May 31, 2017 (2016 - \$12,000).
- Of this amount, \$10,000 was owing to Markus Willi as at May 31, 2017 (2016 - \$8,207).
- Timothy Moody was elected as a director of the Company on July 29, 2016.
- Of this amount, \$8,424 was owing to Timothy Moody as at May 31, 2017 (2016 - \$nil).

Stock Options and Other Compensation Securities

During the financial year ended May 31, 2017, the Company did not grant any stock options to its directors or Named Executive Officers. The following table sets forth all compensation securities granted or issued to each director or NEO by the Company in the financial year ended May 31, 2017 for services provided or to be provided, directly or indirectly, to the Company:

Compensation Securities

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class (#)	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Robert Baxter President, CEO and Director	Stock Options	500,000	Aug 6/15	\$0.10	\$0.10	\$0.02	Aug 6/20
Peggy Wu CFO	Stock Options	200,000	Aug 6/15	\$0.10	\$0.10	\$0.02	Aug 6/20

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class (#)	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Robert Parsons Chairman and Director	Stock Options	300,000	Aug 6/15	\$0.10	\$0.10	\$0.02	Aug 6/20
Brian Kerzner Director	Stock Options	500,000	Aug 6/15	\$0.10	\$0.10	\$0.02	Aug 6/20
Markus Willi Director	Stock Options	750,000	Aug 6/15	\$0.10	\$0.10	\$0.02	Aug 6/20
Timothy Moody ¹ Director	Stock Options	nil	n/a	n/a	n/a	n/a	n/a

1. Timothy Moody was elected as a director of the Company on July 29, 2016.

Exercise of Compensation Securities by Directors and NEOs

The following table discloses each exercise by a director or NEO of compensation securities during the financial year ended May 31, 2017:

Name and position	Type of compensation security	Number of underlying securities exercised (#)	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Robert Baxter President, CEO and Director	Stock Options	nil	n/a	n/a	n/a	n/a	n/a
Peggy Wu CFO	Stock Options	nil	n/a	n/a	n/a	n/a	n/a
Robert Parsons Chairman and Director	Stock Options	nil	n/a	n/a	n/a	n/a	n/a
Brian Kerzner Director	Stock Options	nil	n/a	n/a	n/a	n/a	n/a
Markus Willi Director	Stock Options	nil	n/a	n/a	n/a	n/a	n/a
Timothy Moody ¹ Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1. Timothy Moody was elected as a director of the Company on July 29, 2016.

Stock Option Plans and Other Incentive Plans

The Company has adopted a “rolling” Stock Option Plan reserving, for the issuance pursuant to incentive stock options, that number of Common Shares as is equal to 10% of the issued Common Shares outstanding from time to time (calculated at the time of any particular grant). The Stock Option Plan was accepted for filing by the Exchange subsequent to its initial adoption and has been subsequently accepted following each yearly re-approval by the shareholders, as required under the policies of the Exchange.

The purpose of granting such options is to assist the Company in attracting, retaining and motivating directors, officers, employees and consultants and to align the personal interests of such directors, officers, employees and consultants to those of the Company's shareholders. The Stock Option Plan is intended to be competitive with the benefit programs of other companies in the junior resource industry, and complies with the rules set forth for such plans by the Exchange.

See "Particulars of Matters to be Acted Upon – Annual Approval of Stock Option Plan" below for details of the Stock Option Plan.

The Company has no other plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

Employment, Consulting and Management Agreements

Robert Baxter, CEO and President -

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.

The Baxter Agreement also contains provisions for payment upon termination or in the event of a Change of Control (as such term is defined in the Baxter Agreement). 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 was terminated by the Company without cause on the last day of the preceding fiscal year, Mr. Baxter would be entitled to \$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 \$480,000.

Pension Benefits

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

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, 2017:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options #	Weighted-average exercise price of outstanding options \$	Number of Common Shares remaining available for future issuance under equity compensation plans¹ #
Equity compensation plans approved by security holders	3,940,000	0.10	10,760,349
Equity compensation plans not approved by security holders	-	-	-
Total	3,940,000	0.10	10,760,349

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, 2017.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed elsewhere in this Information Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, save and except for those matters pertaining to the election of directors and the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the last completed financial year was any current director, executive officer or employee or any former director, executive officer or employee of the Company, or any proposed nominee for election as a director of the Company:

- (a) indebted to the Company; or
- (b) indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

other than routine indebtedness.

AUDIT COMMITTEE

Pursuant to the provisions of the *Business Corporations Act* of British Columbia, the Policies of the Exchange, and applicable securities legislation, the Company is required to have an Audit Committee comprised of at least three directors, the majority of which must not be officers or employees of the Company.

The Company must also, pursuant to the provisions of National Instrument 52-110 - Audit Committees (“NI 52-110”), have a written charter, which sets out the duties and responsibilities of its Audit Committee. In providing the following disclosure, the Company is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the Audit Committee procedures of venture issuers.

Audit Committee Charter

A copy of the Audit Committee Charter is attached as Schedule “A” to this Information Circular.

Composition of the Audit Committee

The Company’s current audit committee is composed of Robert Baxter, Robert Parsons and Brian Kerzner.

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 and Brian Kerzner are “independent” within the meaning of NI 52-110. Robert Baxter is not considered to be independent as he is the President and CEO of the Company, and therefore a member of management.

NI 52-110 provides that an individual 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. The following sets out the audit committee members’ education and experience that is relevant to the performance of his responsibilities as an audit committee member.

Relevant Education and Experience

Robert Baxter - Mr. Baxter brings over 29 years of experience, principally in Latin America, in the mining industry. Most recently, Mr. Baxter was Chief Operating Officer, President and a 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). By virtue of his public company and academic experience, Mr. Baxter has received sufficient training in business and financial acumen to be considered financially literate.

Robert Parsons - Mr. Parsons is a Chartered Accountant and retired PricewaterhouseCoopers partner after a career spanning 34 years. 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 also a director of Kennady Diamonds Inc., Pan Global Resources Inc. and Prism Resources Inc.

Brian Kerzner - Mr. Kerzner has over 29 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 been extensively involved in providing seed capital for many successful public and private companies in the resources, environmental and technology sectors. Mr. Kerzner is an Honours graduate of the University of Toronto Bachelor of Commerce (B.Com) program. He is also a director of Pan Global Resources Inc. and Prism Resources Inc. and was a director of Norsemont Mining Inc.

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 Schedule "A" – Audit Committee Charter for specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees ¹	Tax Fees ²	All Other Fees ³
2017	\$18,000	nil	\$2,000	nil
2016	\$28,000	nil	nil	nil

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

CORPORATE GOVERNANCE

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “Guidelines”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and senior management of the Company consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

Board of Directors

The Board is currently composed of five directors, Messrs. Robert Baxter, Robert Parsons, Brian Kerzner, Markus Willi and Timothy Moody.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgement. The Exchange requires that each listed company have at least two independent directors. All of the current members of the Board are considered “independent” within the meaning of NI 52-110, except for Robert Baxter. Mr. Baxter is not considered to be independent as he is the President and CEO of the Company, and therefore a member of management.

The Chairman of the Board is Robert Parsons who is independent. The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the President to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the Shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of both the CEO and the President, appoints the senior officers of the Company and approves the senior Management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the CEO, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees. At this stage of the Company’s development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate legislation and regulatory policies. However, as the Company grows, the Board may determine it is appropriate to develop a formal written mandate.

In keeping with its overall responsibility for the stewardship of the Company, the Board is responsible for the integrity of the Company’s internal control and management information systems and for the Company’s policies respecting corporate disclosure and communications.

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the financial year ended May 31, 2017.

The positions of President and CEO are combined, and the President and CEO is also a director. The Board believes the Company is well serviced and the independence of the Board from management is not compromised by these combined roles. The Board does not, and does not consider it necessary to, have any formal structures or procedures in place to ensure that it can function independently of management. The Board believes that its current composition, given the current size of the Board, is sufficient to ensure that the Board can function independently of management.

Directorships

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

Director	Other Reporting Issuer(s)	Exchange
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. Pan Global Resources Inc.	TSX Venture TSX Venture TSX Venture
Brian Kerzner	Prism Resources Inc. Pan Global Resources Inc.	TSX Venture TSX Venture
Timothy Moody	Prism Resources Inc. Pan Global Resources Inc.	TSX Venture 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

The Board has adopted a new Code of Business Conduct and Ethics (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 is available free of charge to any person upon request to the Company at Suite 507 – 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6 (e-mail: 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 British Columbia *Business Corporations Act*, 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 Markus Willi and Robert Baxter.

Compensation

The Compensation Committee is comprised of Robert Parsons and Brian Kerzner, both of whom are independent directors within the meaning of NI 58-101. The Chair of the Compensation Committee is Robert Parsons. The Compensation Committee's charter provides that its responsibilities will include: (a) determining the salary and benefits of the CEO and President, subject to the terms of any existing contractual arrangements; (b) on the recommendation of the Chief Executive Officer, determining the general compensation structure and policies and programs for the Company and the salary and benefit levels for the senior officers; (c) administering the Company's stock option plan and determining its use, from time to time, as a form of compensation for salaried personnel; (d) determining the senior officers and other employees of the Company who are eligible for cash performance or incentive bonuses and, on the recommendation of the President, determining the bonuses to be awarded to such officers and employees; (e) reviewing and making recommendations to the board of directors on issues that arise in relation to any employment contracts in force from time to time; (f) to reviewing annually all other benefit programs for salaried personnel; and (g) reviewing and approving severance arrangements for senior officers.

Other Board Committees

The Company currently has an Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and Sustainability and Community Relations Committee in place.

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.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Information Circular or set forth below, 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 other than as set out herein. 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.

Related Party Transactions

As at May 31, 2017, included in due to related parties was \$1,259,685 (2016 - \$1,256,960) in expenses owing to companies with common directors.

As at May 31, 2017, included in loans payable was \$826,850 (2016 - \$888,300) in loans payable to directors and officers.

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	\$ 81,636	\$ 77,500
Robert Parsons	Director	\$ 72,065	\$ 10,000
Markus Willi	Director	\$ 18,207	\$ -
Timothy Moody	Director	\$ 8,424	\$ -
Robert Baxter	President, CEO and Director	\$ 792,441	\$ 739,350
Blue Pegasus Consulting Inc.	A company controlled by the CFO of the Company	\$ 195,562	\$ -
Bayswater Consulting Ltd.	A company controlled by the Corporate Secretary of the Company	\$ 91,350	\$ -
Total:		\$ 1,259,685	\$ 826,850

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 senior officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

A. Election of Directors

The Board is currently composed of five directors, Messrs. Robert Baxter, Robert Parsons, Brian Kerzner, Markus Willi and Timothy Moody. All the proposed nominees are current directors of the Company.

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by Management will be voted for the nominees listed in this Information Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

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. 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 of the date of this Information Circular.

Name, Province/State and Country of Residence and Other Positions, if any, held with the Company	Period as a Director of the Company	Number of Shares¹
ROBERT BAXTER ^{2,4,5} Lima, Peru <i>President, CEO and Director</i>	Since August 14, 2012	3,333,333
ROBERT PARSONS ^{2,3,4} British Columbia, Canada <i>(non-executive) Chairman of the Board</i>	Since October 18, 2012	157,500
BRIAN KERZNER ^{2,3,4} British Columbia, Canada <i>Director</i>	Since October 18, 2012	175,000
MARKUS WILLI ⁵ Zug, Switzerland <i>Director</i>	Since August 4, 2015	497,000
TIMOTHY MOODY Bristol, United Kingdom <i>Director</i>	Since July 29, 2016	nil

1. The information as to voting shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
2. Member of the Audit Committee.
3. Member of the Compensation Committee.
4. Member of Corporate Governance and Nominating Committee.
5. Member of the Sustainability and Community Relations Committee.

The Company does not have an executive committee of its Board.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

Unless otherwise stated, each of the below-named nominees has held the principal occupation or employment indicated for the past five years (information provided by the respective 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 28 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).

Bob Parsons – (non-executive) Chairman of the Board

Mr. Parsons is a Chartered Accountant and retired PricewaterhouseCoopers partner after a career spanning 34 years. 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 Kennady Diamonds Inc., Pan Global Resources Inc. and Prism Resources Inc.

Brian Kerzner – Director

Mr. Kerzner has over 28 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 30 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.

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:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, the term “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

No proposed director:

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

No proposed director has been subject to:

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

B. Appointment of Auditor

Management of the Company has recommended to the Board that the Company propose Smythe LLP, the incumbent auditors, to the shareholders for re-election as the Company's auditors. Accordingly, unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Smythe LLP as auditors of the Company for the ensuing year, until the close of the next annual general meeting of shareholders, at a remuneration to be fixed by the directors. Smythe LLP was first appointed auditors of the Company on June 24, 2010.

C. Annual Approval of Stock Option Plan

Background

Pursuant to Policy 4.4 of the Exchange, all Exchange listed companies are required to adopt a stock option plan prior to granting incentive stock options. Accordingly, in 2006 the Board of the Company established a "rolling" stock option plan (the "Plan"), whereby the Company is authorized to grant stock options of up to 10% of its issued and outstanding shares, from time to time. The Exchange requires listed companies who have "rolling" stock option plans in place to receive shareholder approval to such plan on a yearly basis at the Company's annual general meeting. Accordingly, the directors of the Company wish to ratify and approve the Plan.

The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

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.

A copy of the Plan may be inspected at the head office of the Company, Suite 507 – 837 West Hastings Street, Vancouver, BC, during normal business hours at any time up to the Meeting and at the Meeting. In addition, a copy of the Plan will be mailed, free of charge, to any holder of Common Shares who requests, in writing, a copy from the Company at Suite 507 – 837 West Hastings Street, Vancouver, BC, V6C 3N6.

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.

Outstanding Options

As at the date of the Information Circular, the Company has options outstanding under the Plan to purchase 3,940,000 Common Shares, representing 36.62% of the available options, and 2.68% of the issued Common Shares, as at that date. Accordingly, 10,760,349 options remain available for grant under the Plan.

Annual Shareholder Approval of the Plan

Shareholders will be asked at the Meeting to consider and, if thought fit, pass an ordinary resolution in substantially the following form:

“RESOLVED, as an ordinary resolution, that the Company’s Stock Option Plan, as described in the Company’s Information Circular dated September 12, 2017, and the grant of options thereunder in accordance therewith, be approved.”

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.

Disinterested shareholder approval of the foregoing resolution is not required because the Plan cannot result at any time in: (i) the number of Common Shares reserved for issuance under stock options granted to insiders exceeding 10% of the issued Common Shares; (ii) the grant to insiders, within a 12 month period, of a number of options exceeding 10% of the issued Common Shares; or (iii) the issuance to any one optionee, within a 12 month period, of a number of Common Shares exceeding 5% of the issued Common Shares.

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.

OTHER MATTERS

Management knows of no 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 by proxy.

ADDITIONAL INFORMATION

Additional information regarding the Company and its business activities is available on the SEDAR website located at www.sedar.com under “Company Profiles – Indico Resources Ltd.”. The Company’s audited financial statements and management discussion and analysis (“MD&A”) for the fiscal year ended May 31, 2017 are available for review under the Company’s profile on SEDAR. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to 507 – 837 West Hastings Street, Vancouver, BC, V6C 3N6; or (ii) e-mail to info@indicoresources.com.

BOARD APPROVAL

The contents of this Information Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 12th day of September, 2017.

ON BEHALF OF THE BOARD OF INDICO RESOURCES LTD.

“Robert Baxter”

Robert Baxter,
Chief Executive Officer and President

SCHEDULE “A”

AUDIT COMMITTEE CHARTER

1. Purpose

The overall purpose of the Audit Committee (the “Committee”) is to:

- (a) ensure that the management of Indico Resources Ltd. (the “Company”) has designed and implemented an effective system of internal financial controls for reviewing and reporting on the Company’s financial statements;
- (b) oversee, review and report on the integrity of the Company’s financial disclosure and reporting;
- (c) review the Company’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts; and
- (d) be directly responsible for:
 - (i) the selection of a firm of external auditors to be proposed for election as the external auditors of the Company,
 - (ii) the oversight of the work of the Company’s external auditors, and
 - (iii) subject to the grant by the shareholders of the authority to do so, if required, fixing the compensation of the external auditors of the Company.

2. Composition, Procedures and Organization

- 2.1 The Committee will consist of at least three members of the Board of Directors (the “Board”), the majority of whom will be “independent¹” and “unrelated directors²” of the Company within the meaning of all applicable legal and regulatory requirements (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).
- 2.2 All of the members of the Committee will be “financially literate³”, at least one member of the Committee will have accounting or related financial expertise (i.e. able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles) and at least one member of the Committee will be a “financial expert” within the meaning of the rules and forms adopted by the Securities and Exchange Commission (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).
- 2.3 The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, will appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

¹ Whether a director is “independent” will be determined in accordance with all applicable laws and regulations, including the applicable securities laws of Canada and the United States and the regulations and policies of any stock exchange or quotation system on which the Company’s securities are listed or quoted.

² “unrelated director” means a director who is: (a) not a member of management and is free from any interest and any business, family or other relationship which could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the issuer, other than interests and relationships arising solely from holdings in the issuer, (b) not currently, or has not been within the last three years, an officer, employee of or material service provider to the issuer or any of its subsidiaries or affiliates; and (c) not a director (or similarly situated individual) officer, employee or significant shareholder of an entity that has a material business relationship with the issuer. A chair or vice chair of the board of directors who is not a member of management is not, for that reason alone, a related director.

³ An individual 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 compatible to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

- 2.4 Unless the Board has appointed a chair of the Committee, the members of the Committee will elect a chair from among their number.
- 2.5 The Committee will select an individual to act as secretary for the Committee, who will be either:
- (a) a member of the Committee other than the chair, or
 - (b) another individual who is not a member of the management of the Company.
- 2.6 The quorum for meetings will be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. Decisions by the Committee will be by the affirmative vote of a majority of the members of the Committee, or by consent resolutions in writing signed by each member of the Committee.
- 2.7 The Committee will have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- 2.8 Meetings of the Committee will be conducted as follows:
- (a) the Committee will meet:
 - (i) at least quarterly, and
 - (ii) may meet as many additional times:
 - A. as deemed necessary or appropriate by the Committee,
 - B. upon request by any member of the Committee, the Chief Executive Officer, the Chief Financial Officer or the external auditors,

in each case at such times and at such locations as may be determined by the Committee or the chair of the Committee. Except in respect of a regularly scheduled meeting of the Committee, notice of such meeting, together with a proposed agenda, will be delivered to each member of the Committee not less than forty-eight (48) hours prior to the proposed meeting time (which notice may be waived by all of the members of the Committee); and
 - (b) the external auditors and management representatives will be invited to attend as necessary in the discretion of the Committee.
- 2.9 The internal accounting staff, any external accounting consultant(s) and the external auditors will have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in, or consultant of, the Company as it deems necessary, and any employee of, or consultant to, the Company may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
- 2.10 The Committee may, in its sole discretion, retain, at the expense of the Company, such legal, financial or other advisors or consultants as it may deem necessary or advisable in order to properly and fully perform its duties and responsibilities hereunder.

3. Duties and Responsibilities

- 3.1 The overall duties and responsibilities of the Committee will be as follows:
- (a) be directly responsible for:
 - (i) the selection of a firm of external auditors to be proposed for election as the external auditors of the Company,
 - (ii) the oversight of the work of the Company's external auditors, and
 - (iii) subject to the grant by the shareholders of the authority to do so, if required, fixing the compensation of the external auditors of the Company;

- (b) to review with the management of the Company (and, in the case of the annual audited statements, with the external auditors) the annual audited consolidated and unaudited consolidated quarterly financial statements, including the notes thereto, to ensure that such statements present fairly the financial position of the Company and the results of its operations and, if appropriate, to recommend to the Board as to the approval of any such financial statements;
- (c) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements;
- (d) to establish and maintain a direct line of communication with the Company's internal accounting staff and any external accounting consultant(s) and assess their performance;
- (e) to ensure that the management of the Company has designed, implemented and is maintaining an effective and appropriate system of internal financial controls; and
- (f) to report regularly to the Board on the fulfilment of its duties and responsibilities.

3.2 The duties and responsibilities of the Committee as they relate to the external auditors will be as follows:

- (a) to select a firm of external auditors to be proposed by management of the Company to the shareholders for election by the shareholders as the external auditors for the Company, and to verify the independence of such proposed external auditors;
- (b) to review and approve the fee, scope and timing of the annual and any other audit performed by the external auditors;
- (c) to review and evaluate the qualifications, performance and independence of the lead partner of the external auditors of the Company;
- (d) to discuss with management of the Company the timing and process for implementing the rotation of the lead audit partner and the reviewing partners of the external auditors of the Company;
- (e) to obtain confirmation from the external auditors of the Company that they will report directly to the Committee;
- (f) to obtain confirmation from the external auditors of the company that they will report in a timely matter to the Committee all critical accounting policies and practices to be used, all alternative accounting policies and practices, the ramifications of each of such accounting policies and practices and the accounting policy and practice preferred by the external auditors of the Company, for the financial information of the Company within applicable generally accepted accounting principles ("GAAP") which have been discussed with management of the Company and will provide a copy of all material written communications between the external auditors of the Company and management of the Company including, without limitation, any management letter or schedule of unadjusted differences;
- (g) obtain confirmation from the external auditors of the Company that they will ensure that all reports filed under the United States *Securities Exchange Act of 1934*, as amended, which contain financial statements required to be prepared in accordance with Canadian GAAP and/or are reconciled to, United States GAAP, reflect all material correcting adjustments identified by the external auditors of the Company;
- (h) to review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditors of the Company;
- (i) to review and pre-approve all non-audit services to be provided to the Company (or any of its subsidiaries) by the external auditors, provided that such pre-approval authority may be delegated by the Committee to any member of the Committee who is "independent" and "unrelated" on the condition that any such pre-approval must be presented to the Committee at its first schedule meeting following any such approval;
- (j) review the audit plan of the external auditors prior to the commencement of the audit;

- (k) to review with the external auditors, upon completion of their annual audit:
 - (i) the contents of their report,
 - (ii) the scope and quality of the audit work performed,
 - (iii) the adequacy of the Company's financial and accounting personnel,
 - (iv) the co-operation received from the Company's personnel and any external consultants during the audit,
 - (v) the scope and nature of the internal resources used,
 - (vi) any significant transactions outside of the normal business of the Company,
 - (vii) any significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems, and
 - (viii) the non-audit services provided by the external auditors during the year under audit;
- (l) to discuss with the external auditors not just the acceptability, but also the quality, of the Company's accounting principles; and
- (m) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

3.3 The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal accounting, the use of and services provided by any external accounting consultant(s), insurance, information services and systems and financial controls, management reporting and risk management, and to ensure that the Company maintains:
 - (i) the necessary books, records and accounts in reasonable detail to accurately and fairly reflect the Company's financial transactions,
 - (ii) effective internal control systems, and
 - (iii) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud;
- (b) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - (ii) the confidential, anonymous submission by employees or any external consultants of the Company of concerns regarding questionable accounting or auditing matters;
- (c) to periodically review this policy and recommend to the Board any changes which the Committee may deem appropriate;
- (d) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company;
- (e) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal accounting staff, by any external accounting consultant(s) or by the external auditors have been implemented;
- (f) assist in the preparation of any internal control report by management, which provides that management of the Company is responsible for establishing and maintaining an adequate control structure and procedures for financial reporting by the Company, assessing the effectiveness of such control structure and procedures, and ensuring that the external auditors of the Company

attest to, and report on, the assessment of such control structure and procedures by management of the Company;

- (g) assist the Chief Executive Officer and the Chief Financial Officer of the Company in their assessment of the effectiveness of the Company's internal control over financial reporting and in determining whether there has been any material change in the Company's internal control over financial reporting which has materially affected or could materially affect such internal control subsequent to the date of the evaluation; and
- (h) assist the Chief Executive Officer and the Chief Financial Officer of the Company in identifying and addressing any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial information and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

3.4 The Committee is also charged with the responsibility to:

- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
- (b) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form (if any);
 - (iii) any quarterly or annual management discussion and analysis;
 - (iv) prospectuses; and
 - (v) other public reports requiring approval by the Board,
 and report to the Board with respect thereto including, without limitation, as to the approval (or otherwise) thereof by the Board;
- (c) review regulatory filings and decisions as they relate to the Company's consolidated annual and interim financial statements, including any press releases with respect thereto;
- (d) ensure that the Company discloses in the periodic reports of the Company, as appropriate, whether at least one member of the Committee is a "financial expert" within the meaning of the rules and forms adopted by the Securities and Exchange Commission;
- (e) ensure that all non-audit services approved by or on behalf of the Committee are disclosed in the periodic reports of the Company;
- (f) ensure that each annual report and, to the extent required by any applicable legal or regulatory requirement, any quarterly report of the Company includes disclosure with respect to all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities which may have a current or future effect on the Company in accordance with all applicable legal and regulatory requirements;
- (g) ensure that all financial statements and other financial information, including pro forma financial information, included in any report filed by the Company with any regulatory authority or contained in any public disclosure or press release of the Company is presented in a manner which does not contain a material misstatement or omission and reconciles the pro forma information contained therein to Canadian GAAP, and if appropriate, reconciles such pro forma information contained therein to United States GAAP, and which otherwise complies with all applicable legal and regulatory requirements;
- (h) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (i) review and report on the integrity of the Company's consolidated financial statements;

- (j) review the minutes of any audit committee meeting of any subsidiaries of the Company;
- (k) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (l) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts; and
- (m) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board within a reasonable time following each annual general meeting of shareholders.

3.5 The Committee shall have the authority to determine:

- (a) subject to the grant by the shareholders of the authority to do so, if required, the compensation to be received by the external auditors of the Company in connection with all audit services, and non-audit services, to be performed by the auditors;
- (b) the compensation to be received by any legal, financial or other advisors or consultants engaged by the Committee to assist it in performing its duties and responsibilities hereunder; and
- (c) the appropriate funding for the ordinary administrative expenses of the Committee.

4. General

4.1 The Committee will:

- (a) prepare any report or other disclosure, including any recommendation of the Committee, required by any applicable legal or regulatory requirement to be included in the annual proxy or information circular of the Company;
- (b) review this Charter at least annually and recommend any changes herein to the Board;
- (c) report the activities of the Committee to the Board on a regular basis and make such recommendations thereto as the Committee may deem necessary or appropriate; and
- (d) prepare and review with the Board an annual performance evaluation of the Committee, which performance evaluation must compare the performance of the Committee with the requirements of this Charter and be conducted in such manner as the Committee deems appropriate. Such report to the Board may be in such form as the Committee determines, which may include being in the form of an oral report by the chair of the Committee or by another member of the Committee designated by the Committee to make such report.

4.2 No member of the Committee will receive any compensation from the Company, other than fees for being a director of the Company, or a member of a committee of the Board.

4.3 In addition to the foregoing, the Committee will perform such other duties as may be assigned to it by the Board from time to time or as may be required by any applicable stock exchanges, regulatory authorities or legislation.