

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

*If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.*

*If you have sold or transferred all of your shares in Serabi Gold plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.*



**SERABI GOLD PLC**

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

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

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**Annual General Meeting and Special Meeting to be held on  
June 15, 2017 at 3.00pm (London time)  
at the offices of  
Farrer & Co LLP, 20/23 Lincoln's Inn Fields, London WC2A 3LH, England**

**MAY 12, 2017**

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# CHAIRMAN'S LETTER

## SERABI GOLD PLC ("COMPANY")

*(Incorporated and registered in England and Wales with registered number 5131528)*

*Directors:*

T Sean Harvey (*non-executive Chairman*)  
Michael Hodgson (*Chief Executive*)  
Clive Line (*Finance Director*)  
Aquiles Alegria (*non-executive*)  
Nicolas Bañados (*non-executive*)  
Eduardo Rosselot (*non-executive*)  
Felipe Swett (*non-executive*)  
Melvyn Williams (*non-executive*)

*Registered Office:*

66 Lincoln's Inn Fields  
London  
WC2A 3LH  
England

12 May 2017

*To the Ordinary Shareholders, and for information only, to the holders of Options and Warrants over Ordinary Shares*

Dear Shareholder

This document provides the formal notice (the "**Notice**") of the 2017 Annual General Meeting and Special Meeting of the Company to be held at the offices of Farrer & Co LLP, 20/23 Lincoln's Inn Fields, London WC2A 3LH, England on 15 June 2017 at 3:00 pm (London time) (the "**Meeting**"). This document also includes additional information that the Company as a "reporting issuer" in Canada is required to make available pursuant to the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("**NI 51-102**") of the Canadian Securities Administrators.

### **Background**

The matters being considered at the 2017 Annual General Meeting and Special Meeting set out in the Notice are, for the most part, items that are routinely considered at such meetings. Both the Palito and Sao Chico Gold Mines are now in a steady state and the Board is eager now to capitalise on this and grow the production base through a combination of organic growth and, where good opportunities become available, acquisition. The Board believes that opportunities to develop the Company may arise over the next twelve months and for this reason is requesting Shareholders to authorise the Board to issue new shares to allow the Company to pursue and commit to these opportunities quickly as and when they arise.

### **Recommendation**

The Directors consider that the resolutions set out in the Notice being put to the Annual General Meeting and Special Meeting are in the best interests of the Company and its Shareholders and are most likely to promote the success of the Company for the benefit of the Shareholders as a whole.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the proposed resolutions as they intend to do in respect of their own holdings, where relevant, amounting to an aggregate of 25,246,920 Ordinary Shares, representing approximately 3.61 per cent. of the Company's Ordinary Shares.

Yours faithfully

(Signed) "*T Sean Harvey*"

**T Sean Harvey**

*Non-executive Chairman*

# SERABI GOLD PLC

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

Notice is hereby given that the annual general meeting and special meeting of the Company (the “**Meeting**”) will be held at the offices of Farrer & Co LLP, 20/23 Lincoln’s Inn Fields, London WC2A 3LH, England on June 15, 2017 at 3:00 pm (London time) for the purpose of considering and, if thought fit, passing the resolutions specified below.

### Ordinary business

The following resolutions which will be proposed as ordinary resolutions:

1. That the Directors’ Report and financial statements of the Company for the year ended 31 December 2016 be received and adopted.
2. To re-elect Mr. T. Sean Harvey as a Director of the Company. Sean Harvey retires by rotation in accordance with the Company’s Articles of Association (the “**Articles**”) and being eligible offers himself for re-election.
3. To re-elect Mr. Eduardo Rosselot as a Director of the Company. Eduardo Rosselot retires by rotation in accordance with the Company’s Articles and being eligible offers himself for re-election.
4. To re-elect Mr. Aquiles Alegria as a Director of the Company. Aquiles Alegria retires by rotation in accordance with the Company’s Articles and being eligible offers himself for re-election.
5. To appoint BDO LLP as auditor of the Company to hold office from the conclusion of the Meeting to the conclusion of the next Annual General Meeting at which accounts are laid before the Company and to authorise the Directors of the Company to fix the auditors’ remuneration and the terms of their engagement.
6. That all unallocated share options under the Serabi 2011 Share Option Scheme are approved, and that the Company have the ability to continue granting options under the Serabi 2011 Share Option Scheme until 15 June 2020, which is the date that is three (3) years from the date of the shareholder meeting at which shareholder approval is being sought.

### Special business

To consider and, if thought fit, pass the following resolutions, of which resolution 7 will be proposed as an ordinary resolution and resolution 8 will be proposed as a special resolution.

7. That the Directors of the Company be and they are generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the “**2006 Act**”) to exercise all the powers of the Company to allot shares, grant rights to subscribe for or convert any security into shares (the “**Rights**”) and deal with or dispose of any equity securities (as defined by Section 560 of the 2006 Act) of the Company up to an aggregate amount of £1,750,000 provided that this authority is for a period expiring at the conclusion of the next Annual General Meeting of the Company, except that the Company may before the expiry of the authority make an offer or agreement which would or might require the Rights to be allotted after the expiry of such period and the Directors of the Company may allot the Rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired and provided further that this authority shall be in substitution for all previous authorities conferred upon the Directors of the Company pursuant to Section 551 of the 2006 Act or under section 80 of the Companies Act 1985 (the “**1985 Act**”).
8. That subject to the passing of the previous resolution, the Directors of the Company be and they are generally empowered pursuant to Section 570(1) and 573 of the 2006 Act and in accordance with the

Articles of the Company, to allot equity securities (as defined in Section 560 of the 2006 Act) for cash pursuant to the authority conferred by the previous resolution up to an aggregate nominal value equal to £1,750,000 as if Section 561 of the 2006 Act did not apply to any such allotment provided that this power shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution. The Company may before the expiry of the authority make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors of the Company may allot equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired and provided further that this authority shall be in substitution for all previous authorisations conferred upon the Directors of the Company pursuant to Sections 570 and 573 of the 2006 Act or under section 95 of the 1985 Act.

**DATED** the 12th day of May, 2017.

By order of the Board

(Signed) “*Clive Line*”

**Clive Line**

*Company Secretary*

**Serabi Gold plc**

Registered office: 66 Lincoln’s Inn Fields, London WC2A 3LH, England

**Notes:**

1. A management information circular, form of proxy and the financial statements for the year ended December 31, 2016 may accompany this Notice of Meeting if a shareholder has elected to receive such materials or are available in electronic form and can be accessed at the Company’s website [www.serabigold.com](http://www.serabigold.com). The management information circular contains additional information in relation to the Meeting, including on the appointment of proxies and voting by beneficial owners of Ordinary Shares.
2. Your vote is important to us. If you are a registered holder of Ordinary Shares and are unable to be present at the Meeting, please specify on the accompanying form of proxy the manner in which the Ordinary Shares represented thereby are to be voted, and sign, date and return same in accordance with the instructions set out in the form of proxy and management information circular.
3. If you are a beneficial shareholder of Ordinary Shares in Canada and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions, set out in the management information circular and provided to you by your broker or intermediary.

# SERABI GOLD PLC

## MANAGEMENT INFORMATION CIRCULAR

*Unless otherwise stated, the information herein is as of May 11, 2017.*

### PROXY INSTRUCTIONS

**This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by the Board of Serabi Gold plc (the “Company”) for use at the annual general meeting and special meeting of Ordinary Shareholders of the Company (the “Meeting”) to be held at the offices of Farrer & Co LLP, 20/23 Lincoln’s Inn Fields, London WC2A 3LH, England on June 15, 2017 at 3:00 pm (London time) and at any adjournment or adjournments thereof, for the purposes set out in the foregoing Notice of Meeting (the “Notice”).**

Certain resolutions to be proposed at the Meeting will be special resolutions requiring approval of at least 75 per cent. of the votes cast. Under Canadian National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer – the meeting therefore also constitutes a Special Meeting for Canadian regulatory purposes.

Holders (“**Shareholders**”) of ordinary shares in the Company (the “**Ordinary Shares**”) may vote on all matters to come before the Meeting.

The form of proxy enclosed with the Notice affords each Shareholder the opportunity to specify the manner in which that Shareholder’s proxy is to vote with respect to any specific item by checking the appropriate space on the form of proxy in order to indicate whether the Ordinary Shares registered in the Shareholder’s name shall be: (i) voted for, voted against or withheld from voting for the election of the directors named in this Circular; (ii) voted for, voted against or withheld from voting for the re-appointment of auditors and authorizing the directors to fix their remuneration and terms of engagement; and (iii) voted for, voted against or withheld from voting for the disapplication of pre-emption rights, the authorisation of the Board to issue new shares. A vote withheld will not be counted in the calculation of votes for or against the resolution.

The proxy must be signed by the holder of Ordinary Shares or each such Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as executors, administrators, trustees or in any other representative capacity should so indicate and give their full title as such. A partnership should sign in the partnership’s name and by an authorized person(s).

A Shareholder may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to a different Ordinary Share or Ordinary Shares held by that Shareholder. You may not appoint more than one proxy to exercise rights attached to one Ordinary Share. Should you wish to appoint more than one proxy please contact the relevant registrar and transfer agent in good time before the Meeting in order that the proxy forms are received in accordance with the times set out below. Please see the form of proxy which has more information in relation to the manner in which a proxy may be appointed.

Unless otherwise indicated any proxy will be granted in favour of the Chairman of the Meeting who will be an officer of the Company. **Each Shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a Shareholder, to attend and act for him and on his behalf at the Meeting.** A Shareholder wishing to appoint some other person as a representative at the Meeting may do so by inserting such person’s name in the blank space provided in the form of proxy and delivering the completed form of proxy to the Company’s relevant registrar and transfer agent.

The registrar and transfer agent in Canada for the Ordinary Shares is Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada.

The registrar and transfer agent in the United Kingdom for the Ordinary Shares is Computershare Investor Services PLC, The Pavilions, Bridgwater Road Bristol BS13 8AE, England.

A form of proxy is enclosed with the Notice. To be effective, the form of proxy and the original authority (if any) under which it is made must be deposited at the appropriate office (Canada or UK) of the Company's registrars and transfer agents and not at the offices of the Company so as to be received not later than 48 hours before the time appointed for holding the Meeting. An appointment of a proxy which is not received in accordance with these requirements may be invalid.

**A proxy given by a Shareholder for use at the Meeting may be revoked at any time prior to its use.** In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized in writing, and deposited either at the registered office of the Company or at the Company's registrar and transfer agents at least one hour before the commencement of the Meeting (or any adjournment thereof) or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. The registered office of the Company is located at 66 Lincoln's Inn Fields, London WC2A 3LH, England.

Completion of the proxy does not preclude a Shareholder from subsequently attending and voting at the Meeting in person if he or she so wishes. In this circumstance, the proxy appointment will be automatically terminated.

A corporation which is a Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a Shareholder provided that no more than one corporate representative exercises powers over the same Ordinary Share.

The register of interests of the directors and their families in the share capital of the Company and copies of contracts of services of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this Circular until the conclusion of the Meeting.

In accordance with the Articles and Regulation 41 of the *Uncertificated Securities Regulations 2001*, only those Shareholders entered on the Company's register of shareholders 48 hours before the start of the Meeting, or, if the meeting is adjourned, Shareholders entered on the Company's register of Shareholders 48 hours before the time fixed for the adjourned Meeting shall be entitled to attend and vote at the Meeting.

#### **MANNER IN WHICH PROXIES WILL BE VOTED**

The Chairman of the Meeting will vote or withhold from voting the Ordinary Shares in respect of which he is appointed by proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Ordinary Shares will be voted accordingly.

**In the absence of such direction, such Ordinary Shares will be voted by the Chairman of the Meeting in favour of the passing of the matters set out in the Notice.** The accompanying 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 date hereof, the Directors know of no such amendments, variations or other matters. **However, if any other matters should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the proxy.**

## VOTING BY BENEFICIAL SHAREHOLDERS

The information in this section is of significant importance to Shareholders who do not hold their Ordinary Shares in their own name and whose holdings are held through the Company's Canadian share register. Most Canadian Shareholders are "non-registered" shareholders because the Ordinary Shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as "Beneficial Shareholders") should note that only registered Shareholders or their duly appointed proxy holders are entitled to vote at the Meeting. If Ordinary Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Ordinary Shares will not be registered in such Shareholder's name on the records of the Company. Such Ordinary Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Ordinary Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Ordinary Shares are voted at the Meeting. Often the form supplied to a Beneficial Shareholder by its broker is almost identical to the form of proxy provided by the Company to the registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Ordinary Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Ordinary Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Ordinary Shares must be communicated to Broadridge well in advance of the Meeting) in order to have the Ordinary Shares voted.**

This Circular and accompanying materials are being sent to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**Objecting Beneficial Owners**", or "**OBO's**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**", or "**NOBO's**"). Subject to the provision of the Canadian Securities Administrators' National Instrument 54-101 – Communication with Beneficial Owners of Securities of Reporting Issuers ("**NI 54-101**"), issuers may request and obtain a list of their NOBO's from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Ordinary Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Ordinary Shares on your behalf.

The Company's OBO's can expect to be contacted by Broadridge or their broker or their broker's agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Ordinary Shares registered in the name of their broker, a Beneficial Shareholder may attend the Meeting as proxy holder for the registered Shareholder and vote the Ordinary Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Ordinary Shares as proxy**

holder for the registered Shareholder should enter their own names in the blank space on the proxy or voting instruction card provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

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

The Company has in issue as at the close of business on May 11, 2017 (the "Record Date")<sup>(1)</sup> the following securities:

<i>Type of Share</i>	<i>Number</i>
Ordinary Shares of UK£0.005 pence each	698,701,772

(1) The Record Date established above is for the purpose of determining those shareholders held on the Company's register in Canada that are entitled to receive notice of the meeting in accordance with Canadian regulations relating to communication with Beneficial Owners as set out under NI 54-101.

Each Ordinary Share carries one vote in respect of each matter to be voted upon at the Meeting. Only holders of Ordinary Shares of record at the close of business on the Record Date will receive notice of the Meeting. Two members present in person or by proxy and entitled to vote shall represent a quorum for the Meeting.

As of the date of this Circular, the only persons or companies known by the Company to own beneficially, or control or direct, directly or indirectly, more than 10 per cent. of the Ordinary Shares are as follows (based on information filed on the System for Electronic Disclosure by Insiders ("SEDI") at [www.sedi.ca](http://www.sedi.ca)):

<i>Name</i>	<i>Number of Ordinary Shares Beneficially Owned or Controlled or Directed</i>	<i>Type of Ownership</i>	<i>Percentage of Outstanding Ordinary Shares</i>
Fratelli Investments Limited	343,613,166	Direct	55.30%

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Financial Statements

The audited financial statements of the Company for the year ended December 31, 2016, together with the report of the auditor thereon will be presented to the Shareholders at the Meeting for their review and approval.

### 2. Election of Directors

The Board is currently comprised of eight directors. In accordance with the Articles one third of the directors are required by rotation to offer themselves for re-election at each annual general meeting. The maximum term that each director may serve prior to offering themselves for re-election by the Shareholders is therefore three years unless the individual resigns, is removed or becomes disqualified in accordance with the Company's memorandum of association, the Articles or governing legislation. Of the eight current directors Mr. Harvey, Mr Rosselot and Mr Alegria are required to retire by rotation and are each submitting themselves for re-election. Messrs. Line, and Swett having been re-elected as directors of the Company at the annual general meeting held on 11 June 2015, and Messrs, Williams, Bañados and Hodgson who were re-elected as directors of the Company at the annual general meeting held on 16 June 2016 are not required to submit themselves for re-election to the Board at the Meeting. The Board has put forward the names of the three current directors listed below for re-election. If all of the proposed nominees for election are elected at the Meeting, the directors of the Company will be comprised of the following eight individuals: Mr. Hodgson, Mr. Line, Mr. Harvey, Mr. Alegria, Mr. Bañados, Mr. Swett, Mr. Rosselot and Mr. Williams.

**The Chairman of the Meeting intends to vote for the re-election of each of the below-named nominees unless otherwise instructed on a properly executed and validly deposited proxy.** The officers of the Company do not contemplate that any nominees named below will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table sets out the name of each person proposed to be nominated by the officers of the Company for election as a director at the Meeting, all offices of the Company now held by such person, their principal occupation for the past five years, the period of time for which they have been a director of the Company and the number of Ordinary Shares of the Company beneficially owned, controlled or directed, directly or indirectly, by each them.

<i>Name, Province and Country of Residence</i>	<i>Position with the Company</i>	<i>Principal Occupation (for the past five years)</i>	<i>Service as Director</i>	<i>Ordinary Shares beneficially owned, or controlled directly or indirectly<sup>(4)</sup></i>
T. SEAN HARVEY <sup>(1)(2)(3)</sup> ONTARIO, CANADA	Director	Businessman in mineral exploration and development	March 2011 to present	1,200,000
J. EDUARDO ROSSELOT SANTIAGO, CHILE	Director	Mining Engineer	October 2012 to present	–
AQUILES ALEGRIA <sup>(3)</sup> SANTIAGO, CHILE	Director	Geologist	July 2014 to present	100,000

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Remuneration Committee.
- (3) Independent director of the Company.
- (4) The information as to Ordinary Shares beneficially owned, not being within the knowledge of the Company, has been obtained from SEDI or furnished by the proposed directors individually.

Details relating to the remaining Directors, who are not required under the Company's Articles to submit themselves for re-election at the Meeting, are as follows:

<i>Name, Province and Country of Residence</i>	<i>Position with the Company</i>	<i>Principal Occupation (for the past five years)</i>	<i>Service as Director</i>	<i>Ordinary Shares beneficially owned, or controlled directly or indirectly<sup>(4)</sup></i>
CLIVE M LINE ACA SURREY, UK	Chief Financial Officer, Secretary and Director	Chief Financial Officer and Director of the Company	March 2005 to present	766,653
MICHAEL JONATHAN HODGSON CORNWALL, UK	Chief Executive Officer and Director	Technical Director, Chief Executive Officer and Director of the Company	February 2007 to present	441,320
NICOLAS BAÑADOS <sup>(2)</sup> SANTIAGO, CHILE	Director	Managing Director, Private Equity, Megeve Investments	May 2013	22,443,947 <sup>(5)</sup>
MELVYN WILLIAMS <sup>(1)(2)(3)</sup> CHESHIRE, UK	Director	Chief Financial Officer, Brigus Gold Corp. (a Canadian based mining company) – retired June 2011	March 2011 to present	295,000
FELIPE SWETT <sup>(1)(3)</sup> SANTIAGO, CHILE	Director	Industrial Engineer, Partner of Asset Chile Investment Bank	September 2014 to present	–

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Remuneration Committee.
- (3) Independent director of the Company.
- (4) The information as to Ordinary Shares beneficially owned, not being within the knowledge of the Company, has been obtained from SEDI or furnished by the proposed directors individually.
- (5) Mr. Bañados has a direct interest in 144,282 shares in the Company. Mr Bañados is the beneficial owner of 50 per cent. of the share capital of Asesorias e Inversiones Asturias Limitada which beneficially owns: (1) directly 159,665 shares of the Company; and (2) 25 per cent. of the units in Inversiones Villarrica Limitada, a private financial investment fund, which is interested in 22,140,000 shares of the Company.

IF ANY OF THE ABOVE NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR OF THE COMPANY, PROXY INSTRUMENTS IN FAVOUR OF THE OFFICERS OF THE COMPANY WILL BE VOTED FOR BY ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY INSTRUMENT THAT HIS, HER OR ITS ORDINARY SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.

Shareholders can vote for, vote against or withhold from voting on the election of each director on an individual basis. The Board has adopted a policy which requires voting with respect to the election of directors at any meeting of Shareholders to be by individual nominee as opposed to by slate of directors, i.e. Shareholders will be asked to vote in favour of, or withhold from voting, separately for each director. The re-election of any director is by Ordinary Resolution requiring approval of more than 50% of the votes cast. If any particular director is not re-elected at the Meeting, that director shall forthwith cease to be a director. The Board may appoint a new director to fill the vacancy.

**Biographies of each of the Directors are as follows:**

***T Sean Harvey, Non-executive Chairman***

Sean spent 10 years working in investment and merchant banking, primarily focused on the basic industry (mining) sector and for the last 17 years has held senior executive and board positions with various mining companies. Sean was President and CEO of Orvana Minerals Corp. from 2005 to 2006. Previously, he was President and CEO of TVX Gold at the time of its sale to Kinross Gold in 2003 and, subsequent to that, was President and CEO of Atlantico Gold, a private company involved in the development of the Amapari Project in Brazil that was sold to Wheaton River Minerals Ltd. (presently Goldcorp Inc.). Sean also currently sits on the board of directors of several other mining companies.

Sean has an Honours B.A. in Economics and Geography and an M.A. in Economics, both from Carleton University. He also has an L.L.B from the University of Western Ontario and an M.B.A. from the University of Toronto. He is a member of the Law Society of Upper Canada.

***Mike J Hodgson, Chief Executive***

Mike has worked in the mining industry for over 30 years and has extensive international experience. Most recently he worked as chief operating officer and vice president technical services for Canadian-based Orvana Minerals Corporation. Prior to that, he provided consulting services to a number of mining companies in Europe and South America. Previous appointments include manager of technical services and operations for TVX Gold Inc., mining technical consultant at ACA Howe International Ltd and similar roles at Rio Tinto plc and Zambia Consolidated Copper Mines Ltd. He has, during his career, acquired extensive experience in narrow vein underground mining operations.

Originally qualified in mining geology, Mike is a Fellow of the Institute of Materials, Minerals and Mining, a Chartered Engineer of the Engineering Council of UK and a “Qualified Person” in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

***Clive M Line, Finance Director and Company Secretary***

Clive is a Chartered Accountant and has been involved in mining and natural resources companies since 1987, overseeing financial and legal issues for exploration and development projects in Africa, Europe and the former Soviet Union. Having worked with Price Waterhouse in both the UK and Australia, he joined Cluff Resources plc in 1987, where he was Finance Director prior to joining the privately owned Quest Petroleum Group in a similar position in 1993. Following the successful sale of this group he became involved with both Eurasia Mining plc and Northern Petroleum plc, both of which were admitted to AIM in 1996. Between 1999 and 2005 he worked as a divisional Finance Director within the Interpublic Group, one of the world’s largest marketing services groups.

He has an Honours degree in Accounting and Finance and is a member of the Institute of Chartered Accountants of England and Wales.

***Aquiles Alegria, Non-executive***

Aquiles has more than 20 years of experience in the mining industry and has acted as exploration manager in a number of mining companies, most recently as Deputy Manager at Antofagasta Minerals. He graduated with a degree in Geology from the Universidad de Chile.

***Nicolas Bañados, Non-executive***

Nicolas is Managing Director of Private Equity and attorney-in-fact at Megeve Investments, a non-discretionary portfolio of Fratelli Investments Limited. Formerly, he held the position of VP and Portfolio Manager at Megeve Investments, and research analyst at Consorcio Life Insurance in Chile. He has more than 14 years of experience investing in Latin America and serves as Director for several companies including two private mining companies in Chile, Haldeman Mining Company and Minera Las Cenizas, and Colgener, a power company in Colombia.

Nicolas has an MBA from The Wharton School at the University of Pennsylvania and also received a Master's degree in Financial Economics from Universidad Católica de Chile.

***Felipe Swett, Non-executive***

Felipe is a Partner and heads the asset management team at Asset Chile, a Chilean-based investment bank. Mr. Swett joined Asset Chile in 2003 as an analyst and as part of the corporate finance team and has led the Asset Management division since 2010. Felipe is a board member of the Asset Chile Mining Exploration Investment Fund, and has been involved in several financings, capital raisings and merger and acquisition transactions in the Latin American mining industry.

Felipe holds a degree in Civil Engineering with a Diploma in Environmental Engineering from the Pontificia Universidad Católica de Chile and an MBA from the Kellogg School of Management, Northwestern University.

***Eduardo Rosselot, Non-executive***

Eduardo is a mining engineer with over 25 years' experience in the mining industry, having worked extensively in the Americas and Europe. Currently he works as an independent consultant for various mining companies and mining funds mainly in South America, and is a partner of the privately owned mining company HMC Gold SCM, with development projects in Chile. Eduardo is also a director of Haldeman Mining Company, a Chilean private copper and gold producer. Prior to that, he worked as VP business development and special projects for Orvana Minerals Corp. Previous appointments include senior positions with European Goldfields Ltd. and TVX Gold Inc. Prior to that he was a partner of the South American based mining consultancy firm NCL Ingeniería y Construcción Ltd.

Eduardo has a Mining Engineer degree from Universidad de Chile, and is a member of the Institute of Materials, Minerals and Mining, a Chartered Engineer of the Engineering Council of UK and a "Qualified Person" in accordance with the Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

***Melvyn Williams, Non-executive***

Mel Williams was, until June 2011, the Chief Financial Officer and Senior Vice President of Finance and Corporate Development of Brigus Gold. Mr. Williams has over 40 years of financial experience, much of that time spent within the mining industry. From November 2003 through January 2004, Mr. Williams served as Chief Financial Officer of Atlantico Gold, a private Brazilian mining company which held the Amapari gold project, and was sold to Wheaton River Minerals Ltd. in January 2004. From 2000 to November 2003, he served as Chief Financial Officer of TVX Gold Inc., a gold mining company with five operating mines and an advanced development project in Greece. His background also includes services with Star Mining Corporation, LAC North America, Riominas LSDA and Rossing Uranium, (both of which are Rio Tinto subsidiaries). Mel is also a director of Western Troy Capital Resources.

He is a Chartered Certified Accountant and received an MBA from Cranfield in the United Kingdom.

***Corporate Cease Trade Orders or Bankruptcies***

To the knowledge of the Company, no proposed director is, or within the ten years prior to the date hereof has been, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Company) that was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions that was in effect for a period of more than 30 consecutive days that was issued while that person was acting in such capacity or issued thereafter but resulted from an event that occurred while that person was acting in such capacity. To the knowledge of the Company, no proposed director is, or within the ten years prior to the date hereof, has been a director or executive officer of any company (including the Company) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Penalties or Sanctions and Personal Bankruptcies***

To the knowledge of the Company, 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 security-holder in deciding whether to vote for a proposed director.

To the knowledge of the Company, no proposed director has, during the ten years prior to the date hereof, been bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

### **3. Appointment of Auditors**

The Board proposes to appoint BDO LLP UK of 55 Baker Street, London W1U 7EU England, as auditor of the Company and to authorize the directors to fix the auditors' remuneration and terms of engagement. **In the absence of a contrary specification made in the form of proxy, the Chairman of the Meeting intends to vote for the appointment of BDO LLP UK, as auditor of the Company and to authorize the Board to fix their remuneration and terms of engagement.**

### **4. Approval of unallocated options**

The maximum number of shares issuable pursuant to the Serabi 2011 Share Option Scheme is not fixed and is instead established as 10% of the total outstanding shares of the Company from time to time. Approval is being sought at the meeting to approve the grant of unallocated options under the Serabi 2011 Share Option Scheme until 15 June 2020.

Shareholders will be asked at the Meeting to consider and, if considered appropriate, to adopt the resolution as set out in Resolution 6 in the Notice of the Annual General Meeting.

### **5. Special Business**

**The Board requests that Shareholders make available to and at the discretion of the Board, a fixed maximum amount of the unissued share capital which will permit the Board the flexibility to use the Company's shares for certain purposes or business transactions, including acquisitions, the raising of additional capital and the issue of share options or other share related incentives, without the requirement to call a separate meeting of Shareholders for the purpose of approving such transactions. The maximum amount that the Shareholders are requested to approve at the Meeting significantly exceeds the maximum amount that is usually requested by the Board at the Company's annual general meeting. The reasons for this are set out in more detail in the Chairman's letter above.**

### **Resolution 7 – authority to allot shares**

Under the Companies Act 2006, the Board may only allot unissued shares if authorised to do so by the Shareholders in general meeting. Resolution 7 repeats the Board's existing authority granted at the Annual General Meeting held 16 June 2016 to allot shares up to an aggregate value of £1,750,000 equivalent to 350,000,000 ordinary shares representing 50.01% of the current shares in issue. The authority will expire at the next Annual General Meeting of the Company. **In the absence of a contrary specification made in the form of proxy, the Chairman of the Meeting intends to vote for the authorisation and empowerment of the Directors to allot equity securities.**

The full text of the proposed resolution is:

*“That the Directors of the Company be and they are generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the “2006 Act”) to exercise all the powers of the Company to allot shares, grant rights to subscribe for or convert any security into shares (the “Rights”) and deal with or dispose of any equity securities (as defined by Section 560 of the 2006 Act) of the Company up to an aggregate amount of £1,750,000 provided that this authority is for a*

*period expiring at the conclusion of the next Annual General Meeting of the Company, except that the Company may before the expiry of the authority make an offer or agreement which would or might require the Rights to be allotted after the expiry of such period and the Directors of the Company may allot the Rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired and provided further that this authority shall be in substitution for all previous authorities conferred upon the Directors of the Company pursuant to Section 551 of the 2006 Act or under section 80 of the Companies Act 1985 (the “1985 Act”).”*

#### **Resolution 8 – authority to allot shares for cash**

The Directors may only allot shares for cash on a non-pre-emptive basis to existing shareholders in the Company if authorised to do so by the Shareholders in general meeting. This resolution repeats the general authority granted to the Directors at the Annual General Meeting held on 16 June 2016 to allot shares for cash and dis-applies the pre-emption rights of shareholders in respect of a number of shares equivalent to an aggregate value of £1,750,000 equivalent to 350,000,000 ordinary shares representing 50.01% of the current shares in issue. **In the absence of a contrary specification made in the form of proxy, the Chairman of the Meeting intends to vote for the authorisation and empowerment of the Directors to allot equity securities for cash.**

The full text of the proposed resolution is:

*“That subject to the passing of the previous resolution, the Directors of the Company be and they are generally empowered pursuant to Section 570(1) and 573 of the 2006 Act and in accordance with the Articles of the Company, to allot equity securities (as defined in Section 560 of the 2006 Act) for cash pursuant to the authority conferred by the previous resolution up to an aggregate nominal value equal to £1,750,000 as if Section 561 of the 2006 Act did not apply to any such allotment provided that this power shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution. The Company may before the expiry of the authority make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors of the Company may allot equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired and provided further that this authority shall be in substitution for all previous authorisations conferred upon the Directors of the Company pursuant to Sections 570 and 573 of the 2006 Act or under section 95 of the 1985 Act.”*

#### **6. Other Business**

While the Board is not aware of any other matter to be acted upon at the Meeting other than as set out in the Notice, if any other matter properly comes before the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal in accordance with the discretion of the persons authorized to act thereunder.

## **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES**

In May 2015, the Group (being the Company and its subsidiary entities) made an unsecured interest free loan of BrR\$100,000 (US\$25,600) to its Brazilian country manager for a period of up to 12 months. The loan was repaid in full during the most recently completed financial year. The loan was not provided in connection with any purchase of securities in the Group. With this exception no individual who is or, at any time since the beginning of the most recently completed financial year, was a director, senior officer or employee of the Company, and no person who is a proposed nominee for election as a director of the Company, and no associate of any such director, senior officer, employee or proposed nominee is or, at any time since the beginning of the last completed financial year, was indebted to the Company.

## **CORPORATE GOVERNANCE**

### **Board of Directors**

The Board is currently comprised of eight directors. Four of the current directors are independent directors, namely Messrs. Harvey (non-executive Chairman), Alegria, Swett, and Williams. The following are not independent by virtue of their offices with Company: Mr. Hodgson, who is the Chief Executive Officer of the Company, Mr. Line, who is the Chief Financial Officer of the Company and Mr. Rosselot who provides mining consultancy services to the Company and is also a shareholder representative of Fratelli Investments Limited, an affiliated entity of the Company. Mr. Bañados is not independent because he is an executive officer of Fratelli Investments Limited, an affiliated entity of the Company.

Mr. Bañados has a direct interest in 144,282 shares in the Company. Mr Bañados is the beneficial owner of 50 per cent. of the share capital of Asesorias e Inversiones Asturias Limitada which beneficially owns: (1) directly 159,665 Serabi ordinary shares; and (2) 25 per cent. of the units in Inversiones Villarrica Limitada, a private financial investment fund, which is interested in 22,140,000 Serabi ordinary shares.

Assuming that the nominees proposed by the Board are elected as directors of the Company at the Meeting, the Board will be comprised of eight directors, of whom four will be independent (Messrs. Harvey (non-executive Chairman), Alegria, Swett and Williams) and four will not be independent directors (Messrs. Hodgson, Line, Bañados, and Rosselot). The Board is however satisfied that the Board, as a whole, is able to exercise independent judgement. The Articles of Association of the Company have already been specifically amended to restrict the role of the directors in any situation where there is considered to be a conflict of interest and requiring such conflicted director(s) to abstain from voting and participation in any meeting or voting where the matter giving rise to the conflict is to be considered. The Company has also entered into a Relationship Agreement with Fratelli Investments Limited and Beaumont Cornish Limited (who act as Nominated Adviser to the Company in accordance with the AIM Rules) details of which are set out in the Annual Information Form filed by the Company on SEDAR on 30 March 2017. The Relationship Agreement inter alia requires that (i) the Company is capable of carrying on its business independently of Fratelli Investments; (ii) transactions between any member of the Group and any member of Fratelli Investments are made at arm's length on a normal commercial basis and approved by Directors independent of Fratelli Investments; (iii) any disputes between Fratelli Investments and any member of the Group shall be dealt with by a committee of the independent Directors; (iv) the selection, approval and removal of senior management and executive Directors shall be subject to the approval of a majority of the non-executive Directors of the Company; and (v) Fratelli Investments shall not take any action as a result of which there would be fewer than three Directors independent of Fratelli Investments.

The Board is responsible for the stewardship of the Company through consultation with management of the Company. Any responsibility that is not delegated to management or to the committees of the Board remains with the Board, subject to the rights of the Shareholders. The frequency of Board meetings, as well as the nature of agenda items, varies depending on the state of the Company's affairs and in light of opportunities or risks which the Company faces. Members of the Board are in frequent contact with one another and meetings of the Board are held as deemed necessary.

## Director Attendance

During 2016, the Board held 12 Board meetings. Attendance by each of the Directors at these meetings is as set out in the table below.

<i>Director</i>	<i>Board Meetings (Attended/Held)</i>	<i>Audit Committee Meetings (Attended/Held)</i>	<i>Remuneration Committee Meetings (Attended/Held)</i>
T Sean Harvey	12/12	4/4	2/2
Michael Hodgson	12/12	n/a	n/a
Clive Line	12/12	n/a	n/a
Aquiles Alegria	10/12	n/a	n/a
Nicolas Banados	11/12	n/a	2/2
Eduardo Rosselot	12/12	n/a	n/a
Felipe Swett	11/12	4/4	n/a
Mel Williams	11/12	3/4	2/2

## Meetings of the Independent Directors

The Board of the Company may meet without management when any Board meetings are held and at any other time if so requested by the Chairman. The Audit Committee and the Remuneration Committee are both comprised solely of independent directors and the Remuneration Committee will as a matter of its normal business meet without management during the course of the year. Other non-executive directors are generally invited to attend meetings of the Remuneration and Audit Committees to permit joint consideration of matters without the presence of management and whilst subject matter will generally be confined to the areas of audit, controls and remuneration the Chairman invites participation on other topics at these meetings. Accordingly forums do occur every three to four months that comprise meetings of the non-executive directors.

Certain of the directors are also directors of other reporting issuers as at the date of this document as set forth below:

<i>Director</i>	<i>Other Reporting Issuer(s)</i>
T. Sean Harvey	Perseus Mining Limited Victoria Gold Corp. Sarama Resources Limited Abacus Mining and Exploration Corporation
Melvyn Williams	Western Troy Capital Resources Inc.

## Board Mandate

The Board has adopted a written mandate that acknowledges its responsibility for the stewardship of the business and affairs of the Company. The Board shall review and assess the adequacy of the Board mandate at least annually or otherwise, as it deems appropriate, and make any necessary changes. A copy of this mandate is attached to this Circular as Schedule "A".

## Position Descriptions

The Board has established position descriptions for the Chairman of the Board, the Chair of each committee of the Board and the Chief Executive Officer of the Company. The Board will review these descriptions as appropriate and in particular to reflect any changing circumstances of the Company.

The Board delegates authority for the preparation of position descriptions to the Remuneration Committee who, in setting the terms of reference, will consider the current plans and circumstances of the Company, the norms that are established in the industry for those positions and the specific strengths and weaknesses of the individual.

### ***Orientation and Continuing Education***

The Board is responsible for: (a) ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Company expects from its directors) and that they understand the nature and operation of the Company's business; and (b) providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Company's business remains current. Given the size of the Company and the in-depth experience of its directors, the Company has not deemed it necessary to develop a formal process of orientation for new directors but encourages all its Directors to visit the Company's operations to ensure familiarity and proper understanding. The directors conduct a discussion of the business of the Company at its meetings to ensure that new directors are provided with an overview of the Company's operations. From time to time, corporate officers and legal, financial and other experts are invited to attend Board meetings to describe matters in their areas of expertise. The Board ensures that any new Board member receives a written memorandum (the "Memorandum") prepared by the Company's lawyers setting out their responsibilities as a director and ensures that each director is conversant with the regulations of any stock exchange on which the Company's shares are traded.

Directors are entitled to attend seminars that they determine necessary to keep themselves up-to-date with current issues relevant to their services as directors of the Company.

### ***Ethical Business Conduct***

All new directors are provided with a copy of the Memorandum setting out their responsibilities and duties. The Memorandum sets out the specific requirements and expectations of each Director in respect of their business conduct and ethics, including matters relating to conflicts of interest, confidentiality, inducements, gifts and the UK Bribery Act, custody of the assets and intellectual property of the business. The Board relies on its executive directors to oversee the implementation of ethical business practices on a day-to-day basis and considers that given the size of the Company and the relatively small number of employees, that the executive directors are well placed to ensure that all staff act in a professional and ethical manner.

The Memorandum provides guidance to all directors in the event of a conflict of interest. In accordance with AIM rules, the Company's nominated adviser is required to provide a formal opinion on any transactions where a director or related party has an interest. Directors are required to disclose their interests to other Board members and are not permitted to participate or vote on any matter in which a director has an interest. A copy of the Memorandum may be obtained by request marked for the attention of the Company Secretary at 30-32 Ludgate Hill, London EC4M 7DR, England.

In fulfilling its mandate and approving various decisions put forth by management, the Board ensures that the measures management take comply with Canadian securities regulations and other applicable legislation. Members of the Board are also keenly aware of their fiduciary role with the Company as well as their individual statutory and fiduciary duties in their role as directors. In exercising their powers and discharging their duties, the Board is required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### ***Nomination of Directors***

The Company does not currently have a nomination committee. The Board as a whole is responsible for identifying and recommending candidates for the Board of the Company. The Board reviews and makes determination with respect to: (i) the size and composition of the Board; (ii) the organization and responsibilities of the appropriate committees of the Board; (iii) the evaluation process for the Board and committees of the Board and the Chairpersons of the Board and such committees; and (iv) creating a desirable balance of expertise and qualifications among Board members. In the nomination process, the Board assesses its current composition and requirements going forward in light of the stage of the Company and the skills required to ensure proper oversight of the Company and its operations.

## **Remuneration Committee and Nomination Committee**

The Remuneration Committee comprises Messrs. Williams (Chair), Bañados and Harvey. Mr Williams and Mr Harvey are both independent directors and Mr Bañados whilst not independent by virtue of his executive position with an affiliated entity of the Company has no executive position within the Company and is thus considered independent and objective for the purposes of the Remuneration Committee. The Remuneration Committee is responsible for determining the compensation of the management and executive, including that of the Chief Executive Officer and the Chief Financial Officer. The Remuneration Committee determines the level of compensation the Chief Executive Officer and the Chief Financial Officer are to receive on an annual basis and relies on the Company's economic performance and the responsibilities and risks involved in being an effective Chief Executive Officer and Chief Financial Officer of a gold production and development company. The Remuneration Committee considers current compensation of both the Chief Executive Officer and the Chief Financial Officer to adequately cover such responsibilities and risks.

The Board has not at this time considered that the size and complexity of the Company warrants a requirement for a separate Nomination Committee. It is currently envisaged that should any appointment be undertaken that the Remuneration Committee would fulfil the role of the Nomination Committee.

## **Audit Committee**

Information regarding the Audit Committee is disclosed in the Company's annual information form for the year ended 31 December 2016, (the "AIF"). The AIF is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com). Upon request, the Company will provide a copy of the AIF free of charge to any security-holder of the Company.

## **Assessments**

The Board has determined that it shall itself be responsible for assessing the effectiveness and contributions of the Board as a whole, its committees (which currently comprise the Audit Committee and the Remuneration Committee) and individual directors. The size of the Board allows for open discussion. The Chairman has regular dialogue with the Chief Executive whereby the Board's role and effectiveness can be considered. The Finance Director also has regular dialogue with the Head of the Audit Committee whereby that Committee's effectiveness can be considered.

No formal assessments have been prepared however the Board will keep this matter under review and especially if either the size of the Board or the number of committees increases which in turn may require a more formalised assessment and evaluation process to be established to ensure continued effectiveness.

## **Director Term Limits**

The Board has not adopted term limits for directors or other mechanisms of board renewal. The Board evaluates its performance and composition on a regular basis and will make adjustments as and when indicated. When assessing the independence of each non-executive director, length of service is one of the considerations. The Board will when assessing new appointments in the future consider the need to balance the experience and knowledge that each independent director has of the Company and its operations, with the need to ensure that independent directors can also bring new perspectives to the business.

## **Diversity and Inclusion**

The Company values diversity and is committed to providing equal treatment in all aspects of the business. This includes the governance of the Company, the composition of the Board, its employment selection processes and the promotion and development of existing employees including senior management and senior management roles.

The Company has an established and stable Board which it considers to be well suited to its fundamental objective of enhancing and preserving long-term shareholder value and ensuring that the Company conducts its business in an ethical and safe manner. The Board is considered to be of sufficient number to provide more than adequate experience and perspective to its decision making process and given the size and nature of the

Company, the Board does not consider at this time that it is appropriate to increase the size of the Board or amend its composition. The Board is however conscious of the different perspectives that individuals from different cultural backgrounds and with different work and life experiences can bring. For this reason when considering any change to its composition it will actively seek to further increase its current diversity to become more inclusive taking into account considerations such as gender, age and ethnicity to ensure that the Board benefits from a broad range of perspectives and experiences appropriate to its activities and needs.

As the Board is not currently anticipating any change to its size or composition, it has not yet implemented a written policy regarding the identification and nomination of women directors. In the event that one of the existing members of the Board stands down from their current position, the Company will, at that time, give further consideration to the specific selection of a female member of the Board and the adoption of a formal policy relating to the positive appointment of additional female members of the Board for future opportunities.

The Board does consider that its current composition does already encompass significant diversity. Of its eight members, its membership covers three nationalities, and involves three directors with strong technical mining and geological expertise, two directors with financial backgrounds and three directors bringing investment banking and corporate finance experience. All of the board members have spent significant, and in some cases, all of their careers working within the natural resources industries. All of the current non-executive directors have served for periods of between eighteen months to five years which the Board considers is an indicator of an appropriate level of turnover and renewal while maintaining continuity and knowledge.

The Board has not adopted a target regarding the number of women on the Board of Directors. The Board of Directors does expect more diversity on the Board of Directors over time and each future appointment will be made on the basis of ensuring that its Board is able to provide the widest possible experience and perspective that is consistent with achieving the highest level of professionalism and continues to enhance and preserve long-term shareholder value and ensure that the Company conducts its business in an ethical and safe manner. Today, none (zero percent) of the Company's directors are women.

In the recruitment of executives and senior management the Company always seeks to ensure that it has a broad representation and its recruitment policies reflect this. It has a small and relatively long-standing senior management team and the significant majority of the company's employees and management are based at the mining operations of Company in northern Brazil. The nature of the Company's activities and their location does create limitations on the backgrounds of the personnel that are attracted to work with the Company at all levels. Whilst it has no women in the four most senior management roles of Company including the two Executive Directors, at the next tier of management, approximately 8% of the roles are held by women. The Company has not adopted a target regarding the number of women in executive officer positions. It will continue to support the progression of women within the organization and is confident that this will allow an increasing number of women to assume management positions over time.

## EXECUTIVE COMPENSATION

During the most recently completed financial year ended December 31, 2016, the following individuals were the Named Executive Officers of the Company:

- Michael Hodgson was Chief Executive Officer;
- Clive Line was Chief Financial Officer; and
- Ulisses Melo was the General Manager Brazil.

Named Executive Officer means each of the following individuals: (a) a Chief Executive Officer; (b) a Chief Financial Officer; (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose compensation was, individually, more than \$150,000 for that financial year; and (d) each individual who would have been a Named Executive Officer under (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 that financial year.

### Compensation Discussion and Analysis

The Remuneration Committee of the Board is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations to the Board with respect to the compensation of the Company's executive officers. The Board ensures that total compensation paid to its NEOs is fair and reasonable and is consistent with the Company's compensation philosophy. The Remuneration Committee has expertise, in among other things, evaluating overall compensation policies, plans and practices, as well as setting compensation for executive officers; overseeing and administering equity compensation plans; and establishing employment, retention and severance arrangements for executive officers.

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Company's compensation philosophy is to foster entrepreneurship at all levels of the organization by making long-term equity-based incentives, through the granting of stock options, a significant component of executive compensation. This approach is based on the assumption that the performance of the Company's Share price over the long-term is an important indicator of long-term performance.

The Company's compensation philosophy and objectives are based on the following fundamental principles:

1. Compensation programs align with shareholder interests – the Company aligns the goals of executives with maximizing long-term shareholder value;
2. Performance sensitive – compensation for executive officers should be linked to operating and market performance of the Company and fluctuate with the performance; and
3. Offer market competitive compensation to attract and retain talent – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest calibre.

The Company's principal goal is to create value for its shareholders. The Company's compensation philosophy is based on the objectives of linking the interests of the executive officers with both the short and long-term interests of the Company, of linking executive compensation to the performance of the Company and the individual and of compensating executive officers at a level and in manner that ensures the Company is capable of attracting, motivating and retaining individuals with exceptional executive skills. The executive compensation program is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long-term. Base salaries are aligned with and judged against corporations of a comparable size and stage of development within the mining industry, thereby enabling the Company to compete for and retain executives critical to the Company's long-term success. Incentive compensation is directly tied to corporate performance. Share ownership opportunities are provided to align the interests of executive officers with the longer term interests of shareholders.

**Elements of Executive Compensation**

The elements of compensation earned by the NEOs for the financial year ended December 31, 2016 consists of a base salary, along with annual discretionary incentive compensation in the form of a performance based bonus, and a longer term incentive in the form of stock options.

This reflects a package consisting of a mix of compensation elements designed to provide executives with an “at risk” component of total compensation that reflects their ability to influence business outcomes and performance, and fixed elements that provide security and enable the Company to attract and retain key employees.

The following table outlines how each element of compensation aligns with the Company’s compensation philosophy.

<i>Element of compensation package</i>	<i>Payment method</i>	<i>Purpose and link to strategy</i>	<i>Nature of review</i>
Base salary	Cash	To recognise the market value of the role, reflecting the individual’s skills, experience, authority and responsibilities, to ensure that the business can attract and retain appropriate individuals for executive and non-executive roles.	<p>The element is reviewed annually. For each of the Executive Directors the Group compiles comparator data from published accounts and industry surveys of peer companies to determine the base salary. The Group has not used remuneration consultants.</p> <p>Peer group data is also used to assess the level of fees for the Non-executive Directors.</p> <p>Limited peer group data is available for Brazilian-based staff and the Group relies on its knowledge of local terms and conditions in setting levels for Brazilian based personnel.</p>
Performance related bonus	Cash	To incentivise and reward, on an annual basis, the performance of individuals, and of the Group, using a range of financial and non-financial metrics.	<p>Objectives and measurable targets (“KPIs”) are set, prior to the year under review, to align near-term goals with the longer term sustainable future of the Group. The short-term incentive component is structured to reward not only increased value for shareholders but also performance with respect to key operational factors and non-financial goals important to long-term success. At the end of each year the Committee considers if and to what extent the KPIs have been achieved and in this way establish a transparent and non-discretionary assessment of an individual’s performance and contribution to the Group. Caps are applied in respect of the maximum level of bonus that an individual may receive relative to their salary. The caps vary according to the level of seniority of the individual. Non-executive Directors do not participate in the bonus scheme.</p>

<i>Element of compensation package</i>	<i>Payment method</i>	<i>Purpose and link to strategy</i>	<i>Nature of review</i>
Share options	Stock options	To reward delivery of sustained long term improvements in shareholder returns by aligning performance directly with an increase in the fundamental measure of the generation of shareholder value.	The Board seeks to award options on an annual basis and the Group's LTIP scheme is equity settled. Options vest in three annual equal instalments with the initial vesting on the date of the award. Any option which is unexercised after a period of three years from the date of grant expires. Options are also forfeited if a holder leaves the Group before the options vest or are exercised although the Committee may exercise discretionary powers in certain circumstances. Options issued to date have not been subject to attainment of performance criteria prior to vesting or exercise. The Committee has the right to impose such criteria in respect of new awards. Whilst there is no maximum value to which options that may be granted in one year, nor any cap on the level that an individual may hold, the Committee exercises discretion to ensure that annual awards can be made and considers the level and value of existing awards in determining the level of new awards.
Pension provision	Cash paid to designated pension plans	The provision of pension benefits is a relatively normal constituent of compensation offered by peer companies. The Group will contribute to defined contribution schemes on behalf of its executives as part of the overall remuneration package provided to an employee.	The Group does not operate any pension plans for its Executive Directors except to the minimum extent required under UK law. The level of pension contribution made to an individual's defined contribution scheme will generally be linked to an employee's base salary, though the Committee may make single lump sum payments to provide an overall complete retirement benefit for an individual.
Other benefits	Cash paid to providers of benefits	To provide cost effective and competitive remuneration benefits.	The Group provides private medical and life assurance benefits for employees and Executive Directors which may be linked to base salary.

## **Short-Term Compensation**

### ***Base Salary***

The Remuneration Committee approves ranges for base salaries for senior management of the Company based on reviews of market data from peer companies in the global mineral exploration and mining industry. The level of base salary for each employee within a specified range is determined by the level of past

performance, as well as by the level of responsibility and the importance of the position to the Company. The Remuneration Committee undertakes its peer review using data gathered from publicly available information and compiles the peer group based on criteria such as market capitalisation, stage of development (currently companies already with small scale production or at a similar stage of development to the Company), location of operations. In respect of the UK based Executive Directors the peer group at the beginning of the calendar year 2016, included South American focused mining and exploration companies including Orosur Mining Inc, Herencia Resource plc, Mariana Resources Ltd, Brazil Resources Limited and Magellan Minerals Limited as well as giving consideration to similar sized UK based mining and development companies. The Remuneration Committee approves agreements with respect to the base salary to be paid to the CEO and the CFO. The Remuneration Committee's recommendations for such base salaries are then submitted for approval by the Board.

### ***Annual Bonus***

Senior management employees, including the executive directors, are eligible for an annual discretionary incentive award but this is dependent on the financial position of the Company. Corporate performance, as assessed by the Board, determines the aggregate amount of bonus to be paid by the Company to all eligible senior officers in respect of a fiscal year. The aggregate amount of bonus to be paid will vary with the degree to which targeted corporate performance was achieved for the period. The short-term incentive component is structured to reward not only increased value for Shareholders but also performance with respect to key operational factors and non-financial goals important to long-term success.

Individuals are, on an annual basis, set a range of areas in which their performance will be judged. As much as possible measurable criteria are established and each performance area is given a relative weighting. For 2016, performance targets were set for the specific delivery of matters, *inter alia*, the operational and cost performance of the Palito Mine and the Sao Chico Mine, compliance with all aspects of regulatory control for the Company and its subsidiaries, development of growth opportunities for the Company and relative shareholder returns. Similar targets and objectives are in place for the 2017 calendar year.

### ***Other Compensation***

The Company does not provide retirement benefits for its executive directors. Contributions paid are defined contributions to the relevant NEO's personal retirement scheme or to state operated retirement plans

The Company has not placed a restriction on the purchase by its NEOs or other employees of financial instruments (including prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or employee. To the Company's knowledge, none of the NEOs have purchased any such financial instruments.

### ***Long-Term Compensation***

The Company has no long-term incentive plans other than its incentive stock option plan ("**Options**"). Options are granted to encourage share ownership and entrepreneurship on the part of directors, senior management and other employees. Options are intended to help the Company attract and motivate an energetic, goal driven management team, and to build long-term employee loyalty and retention.

The Company believes that this long-term incentive vehicle aligns executives with Shareholders by driving growth in the share price and increasing long-term value of the Company. This is the high risk, high-return component of the executive total compensation program because stock options deliver value to an executive only if the share price is above the grant price.

Options are determined by the Board. In monitoring or adjusting the option allotments, the Board takes into account the level of options granted for similar levels of responsibility and considers each participant based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to Shareholder value, previous option grants and the objectives set for the participants. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- the participants who are eligible to participate in the Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the market price on the date of grant as determined in accordance with stock exchange policies;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Company's incentive stock option plan. The Board reviews and approves grants of options throughout the year as deemed appropriate. See "*Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plans*".

### **Compensation Risk Management**

The Company believes that its executive compensation program does not create risk outside the Company's risk appetite. Some of the risk-management initiatives currently employed by the Company are as follows:

- Appointing a Remuneration Committee comprised of a majority of independent directors to oversee the executive compensation program;
- The use of deferred equity compensation to encourage a focus on long-term corporate performance vs. short-term results;
- Disclosure of executive compensation to stakeholders;
- Use of discretion in adjusting bonus payments up or down as the Remuneration Committee deems appropriate and recommends to the Board; and
- Ultimately complete board accountability.

## Summary Compensation Table

The following table discloses compensation paid to or awarded to the Named Executive Officers for the financial years ended December 31, 2016, December 31, 2015 and December 31, 2014. Securities legislation provides that the Named Executive Officers are determined on the basis of total compensation earned in the 2016 fiscal year. All amounts in the table below are in US dollars.

Name and principal position	Year	Salary (US\$)	Share based awards (US\$)	Option based awards (US\$) <sup>(1)</sup>	Non-equity incentive plan compensation		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans (US\$)	Long-term incentive plans (US\$)			
Michael J Hodgson CEO	2016	243,560	–	86,074	135,466 <sup>(2)(3)</sup>	–	–	14,817 <sup>(6)</sup>	479,917
	2015	254,577	–	100,084	332,478 <sup>(4)(5)</sup>	–	–	21,368 <sup>(6)</sup>	708,507
	2014	266,251	–	76,307	184,647 <sup>(7)</sup>	–	–	17,695 <sup>(6)</sup>	544,900
Clive M Line CFO and Secretary	2016	222,612	–	62,966	94,826 <sup>(2)</sup>	–	–	2,815	383,219
	2015	228,662	–	76,070	211,856 <sup>(4)(8)</sup>	–	–	2,796	519,384
	2014	241,206	–	59,958	135,161 <sup>(9)</sup>	–	–	3,329	439,654
Ulisses M Melo General Manager Brazil	2016	177,534	–	17,922	–	–	–	12,618	208,074
	2015	170,372	–	24,328	33,156	–	–	15,328	243,184
	2014	224,825	–	18,505	42,854	–	–	17,614	303,798

### Notes:

- (1) Amount is based on the grant date fair value of the award for a financial year using the Black-Scholes option pricing model. The following assumptions have been used in respect of options granted during 2016 (i) expected volatility 66%, (ii) risk free interest rate 0.75%; expected life 3 years; and (iv) expected dividend yield – 0%. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. Options granted in prior years may not have been priced using the same assumptions as those used for 2016.
- (2) The value reported is an estimate of the incentive plan awards in respect of corporate and operational performance for the 2016 calendar year.
- (3) Included in the incentive payment is UK£40,000 which was paid by the Company to a private pension plan of the individual.
- (4) The value reported includes incentive plan awards in respect of corporate and operational performance for the 2014 calendar year and an estimate of an award for the 2015 calendar year.
- (5) Included in the incentive payments is US\$85,643 which was paid by the Company to a private pension plan of the individual.
- (6) The amount includes payments by the Company to a private pension plan of the individual.
- (7) Included in the incentive payments is US\$47,748 which was paid by the Company to a private pension plan of the individual.
- (8) Included in the incentive payments is US\$61,136 which was paid by the Company to a private pension plan of the individual.
- (9) Included in the incentive payments is US\$67,048 which was paid by the Company to a private pension plan of the individual.

## Incentive Plan Awards – Outstanding share-based awards and option-based awards

The following table sets forth, for each Named Executive Officer, all awards outstanding as at December 31, 2016 under option-based and share-based incentive plans of the Company.

Name	Number of Securities Underlying Unexercised Options <sup>(1)</sup>	Option Based Award			Share Based Award	
		Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money options (US\$) <sup>(2)</sup>	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Pay-out Value of Share-Based Awards that have Not Vested (US\$)
<b>MICHAEL HODGSON</b>						
Chief Executive Officer and Director	500,000	£0.15	Dec. 19, 2019	–	–	–
	600,000	£0.41	Jan. 28, 2021	–	–	–
	4,000,000	UK£0.050	Apr 06, 2017 <sup>(3)</sup>	–	–	–
	3,900,000	UK£0.055	Jan 21, 2018	–	–	–
	4,000,000	UK£0.050	May 15, 2019	–	–	–
<b>CLIVE LINE</b>						
Chief Financial Officer and Director	500,000	£0.15	Dec. 19, 2019	–	–	–
	600,000	£0.41	Jan. 28, 2021	–	–	–
	2,800,000	UK£0.050	Apr 06, 2017 <sup>(3)</sup>	–	–	–
	2,800,000	UK\$0.055	Jan 21, 2018	–	–	–
	3,000,000	UK£0.050	May 15, 2019	–	–	–
<b>ULISSES MELO</b>						
General Manager Brazil	175,000	£0.15	Dec. 19, 2019	–	–	–
	150,000	£0.37	Jan. 28, 2021	–	–	–
	1,150,000	UK£0.050	Apr 06, 2017 <sup>(3)</sup>	–	–	–
	900,000	UK£0.055	Jan 21, 2018	–	–	–
	750,000	UK£0.050	May 15, 2019	–	–	–

### Notes:

- (1) Each option entitles the holder to subscribe for one Ordinary share.
- (2) Based on the closing price of Ordinary Shares on AIM on December 31, 2016 of £0.04301 per Ordinary Share and US\$ to £ exchange rate of 0.81466.
- (3) These options expired on 6 April 2017 without having been exercised.

In each case, all options granted had vested to the individual as at 31 December 2016 except as set out in the table below.

Name	Number of Securities Underlying Unexercised Options <sup>(1)</sup>	Option Based Award	
		Option Exercise Price	Option Expiration Date
<b>MICHAEL HODGSON</b>			
Chief Executive Officer and Director	1,300,000	UK£0.055	Jan 21, 2018
	2,666,666	UK£0.050	May 15, 2019
<b>CLIVE LINE</b>			
Chief Financial Officer and Director	933,333	UK£0.055	Jan 21, 2018
	2,000,000	UK£0.050	May 15, 2019
<b>ULISSES MELO</b>			
General Manager Brazil	300,000	UK£0.055	Jan 21, 2018
	500,000	UK£0.050	May 15, 2019

### Note:

- (1) Each option entitles the holder to subscribe for one Ordinary share

Should the individual leave the employment of the Company prior to that date it is at the discretion of the Board and dependent on the circumstances of the departure to permit the remaining options to vest as if the individual had not left the employment of the Company. Further, should any individual leave the employment of the Company it is at the discretion of the Board to permit the individual to retain any options that have

already vested and the Board may as its discretion require that the period for the exercise of the options be reduced as they deem appropriate.

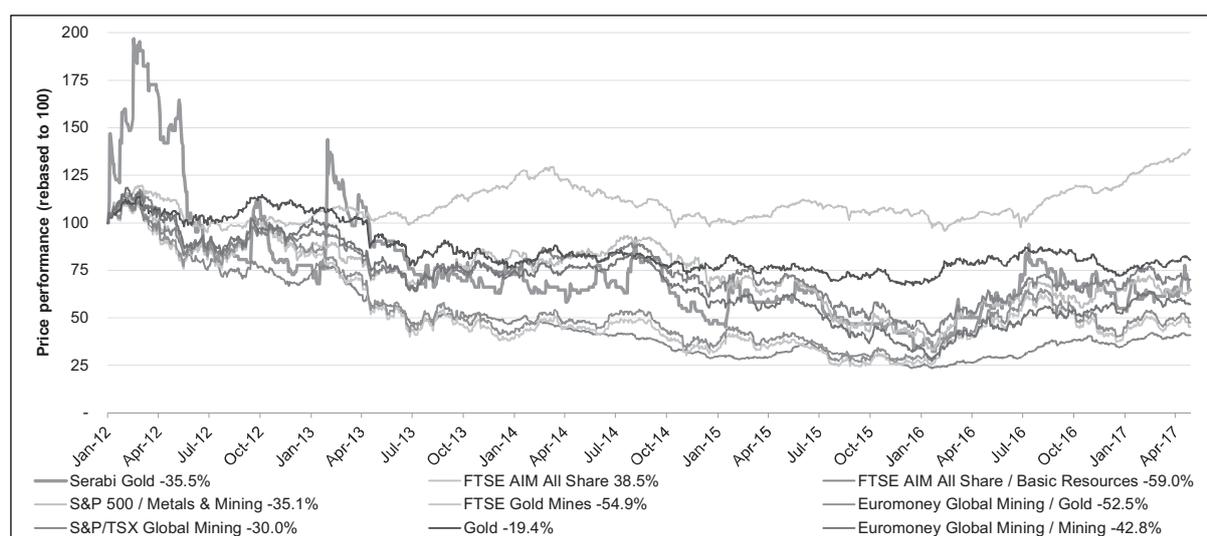
### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each Named Executive Officer, the value of all incentive plan awards vested during the financial year ended December 31, 2016.

<i>Name</i>	<i>Option-Based Awards – Value Vested During the Year (US\$)</i>	<i>Share-Based Awards – Value Vested During the Year (US\$)</i>	<i>Non-Equity Incentive Plan Compensation – Value Earned During the Year (US\$)</i>
<b>MICHAEL HODGSON</b> Chief Executive Officer and Director	86,074	–	–
<b>CLIVE LINE</b> Chief Financial Officer and Director	62,966	–	–
<b>ULISSES MELO</b> General Manager Brazil	17,922	–	–

### Share Performance

The Board considers the overall performance of the Company’s share price as a metric in assessing performance of the Company’s management and in particular when making comparison with the Company’s peers. The Company’s share price is linked to the gold price and overall sentiment towards the gold mining sector. Given the size of the Company direct comparison with individual peer company’s can be misleading so whilst the Board does take note of such relative performance it also looks at the overall performance of the share price against general indices for the industry in assessing the quality and performance of its management. In this regard over the last 5 years the Company’s relative performance has been similar too or better than some of the key composite indices which the Board considers a good indicator of the relative abilities, quality and contribution of the Company’s key management personnel.



Share performance against industry indices – 1 January 2012 to 31 March 2017

## **Termination and Change of Control Benefits**

### **Michael J Hodgson**

The Company may terminate the employment contract with Mr. Hodgson by giving him no less than twelve months' notice in writing. During the notice period time he shall be entitled to continue to receive his annual base salary, accrue entitlements to bonuses and receive other fringe benefits. However during all or part of his notice period the Company may require Mr. Hodgson not to attend his normal place of work and/or not to perform normal duties. Mr. Hodgson's service contract with the Company contains no special provisions and grants no additional entitlements, beyond those set out above, or in the event of a change of control. If Mr Hodgson's employment with the Company was terminated for any such reason as at December 31, 2016, Mr Hodgson would have received approximately US\$223,500 in total compensation (excluding benefits and any accrued holiday entitlements).

### **Clive M Line**

The Company may terminate the employment contract with Mr Line by giving him no less than twelve months' notice in writing. During the notice period time he shall be entitled to continue to receive his annual base salary, accrue entitlements to bonuses and receive other fringe benefits. However during all or part of his notice period the Company may require Mr Line not to attend his normal place of work and/or not to perform normal duties. Mr Line's service contract with the Company contains no special provisions and grants no additional entitlements, beyond those set out above, or in the event of a change of control. If Mr Line's employment with the Company was terminated for any such reason as at December 31, 2016, Mr Line would have received approximately US\$191,500 in total compensation (excluding benefits and any accrued holiday entitlements).

### **Ulisses M Melo**

The Company may terminate the employment contract with Mr Melo by giving him no less than one months' notice in writing. During the notice period time he shall be entitled to continue to receive his annual base salary, accrue entitlements to bonuses and receive other fringe benefits. However during all or part of his notice period the Company may require Mr Melo not to attend his normal place of work and/or not to perform normal duties. Mr Melo's service contract with the Company contains no special provisions and grants no additional entitlements, beyond those set out above, or in the event of a change of control. If Mr Melo's employment with the Company was terminated for any such reason as at December 31, 2016, Mr Melo would have received approximately US\$110,208 in total compensation (excluding benefits and any accrued holiday entitlements).

## **DIRECTOR COMPENSATION**

The director compensation programme is designed to enable the Company to attract and retain highly qualified individuals to serve as directors. Directors' compensation, which is paid only to non-employee directors, consisted of (expressed in Canadian dollars):

- An annual retainer of C\$30,000 (C\$40,000 for the Chairman),
- An annual retainer for the Audit Committee chairman of C\$7,500 and additional annual retainer for other committee chairman of C\$5,000, and
- An annual fee of C\$5,000 to members (other than the Chairman) of the Audit Committee and an annual fee of C\$3,000 to members (other than the Chairman) of the Remuneration Committee.
- A fee of C\$500 for each Board Meeting attended.

The remuneration package for Non-Executive Directors is established by the Board as a whole but Non-Executive Directors do not vote on any changes to their own fees.

Remuneration consists of a fixed fee which is set to reflect prescribed time commitments and the relative responsibilities of each Non-Executive Director on the affairs of the Group, fees payable in respect of attendance at meetings and fees payable for service on any formal committees of the Board. Additional consultancy fees are paid if the input required exceeds the anticipated levels.

Fees are benchmarked against peer companies taking into account the relative size of the boards of peer companies, their project locations and the relative complexity of the business, considering the number of projects, stages of development, financing structures and regulatory requirements.

The Non-Executive Directors currently hold share options. Whilst the award of share options by the Group to Non-Executive Directors is contrary to the recommendations of the UK Corporate Governance Code (“**The Code**”), the Board believes that, given the nature and size of the Group and the need to conserve cash resources, it is appropriate that the remuneration of the Non-Executive directors be aligned with the success and growth of the Group. The Board notes also that it is normal practice for natural resources companies listed on the Toronto Stock Exchange to award Non-Executive directors share options as part of their remuneration. The Company has therefore concluded that, in order to attract Non-Executive Directors of an appropriate stature and experience, it is obliged to continue to permit its Non-Executive Directors to be involved in its equity participation plans.

#### *Directors’ compensation table*

The following table provides a summary of all amounts of compensation provided to the directors of the Corporation during the fiscal year ended December 31, 2016.

#### *DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2016*

<i>Name</i>	<i>Fee Earned (US\$)</i>	<i>Option based awards (US\$)<sup>(1)</sup></i>	<i>Non equity incentive plan compensation (US\$)</i>	<i>All other compensation (US\$)</i>	<i>Total (US\$)</i>
T Sean Harvey	42,650	35,047	-	-	77,697
Melvyn Williams	38,080	28,533	-	-	66,613
Eduardo Rosselot <sup>(2)</sup>	87,397	22,321	-	-	109,718
Nicolas Bañados	30,840	27,080	-	-	57,920
Aquiles Alegria	27,824	25,682	-	-	53,506
Felipe Swett	32,377	25,682	-	-	58,059

#### **Notes:**

- (1) Amount is based on the grant date fair value of the award for a financial year using the Black-Scholes option pricing model. The following assumptions have been used in respect of options granted during 2016 (i) expected volatility 66%, (ii) risk free interest rate 0.75%; expected life 3 years; and (iv) expected dividend yield – 0%. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options. Options granted in prior years may not have been priced using the same assumptions as those used for 2016.
- (2) Mr Rosselot also provides Mine Engineering consultancy services to the Company in addition to his role as a Director.

*Directors' outstanding option based awards*

The table below reflects all option based awards for each serving director of the Company as at December 31, 2016.

*DIRECTOR OPTION-BASED AWARDS OUTSTANDING AS AT DECEMBER 31, 2016*

<i>Name of Director</i>	<i>Number of Securities Underlying Unexercised Options<sup>(1)</sup></i>	<i>Option Exercise Price</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised in-the-money options (US\$)<sup>(2)</sup></i>
T Sean Harvey	1,700,000	UK£0.050	Apr 06, 2017 <sup>(3)</sup>	–
	1,600,000	UK£0.055	Jan 21, 2018	–
	1,600,000	UK£0.050	May 15, 2019	–
Melvyn Williams	1,400,000	UK£0.050	Apr 06, 2017 <sup>(3)</sup>	–
	1,300,000	UK£0.055	Jan 21, 2018	–
	1,300,000	UK£0.050	May 15, 2019	–
Eduardo Rosselot	1,200,000	UK£0.050	Apr 06, 2017 <sup>(3)</sup>	–
	1,000,000	UK£0.055	Jan 21, 2018	–
	1,000,000	UK£0.050	May 15, 2019	–
Nicolas Bañados	1,200,000	UK£0.055	Sep 29, 2017	–
	1,000,000	UK£0.055	Jan 21, 2018	–
	1,000,000	UK£0.050	May 15, 2019	–
Aquiles Alegria	1,000,000	UK£0.055	Sep 29, 2017	–
	1,000,000	UK£0.055	Jan 21, 2018	–
	1,000,000	UK£0.050	May 15, 2019	–
Felipe Swett	1,000,000	UK£0.055	Sep 29, 2017	–
	1,000,000	UK£0.055	Jan 21, 2018	–
	1,000,000	UK£0.050	May 15, 2019	–

**Notes:**

- (1) Each option entitles the holder to subscribe for one Ordinary share.
- (2) Based on the closing price of Ordinary Shares on AIM on December 31, 2016 of £0.04301 per Ordinary Share and US\$ to £ exchange rate of 0.81466.
- (3) These options expired on 6 April 2017 without having been exercised.

The following table sets forth, for each non-executive Director, the value of all incentive plan awards vested during the financial year ended December 31, 2016.

<i>Name</i>	<i>Option-Based Awards – Value Vested During the Year (US\$)</i>	<i>Share-Based Awards – Value Vested During the Year (US\$)</i>	<i>Non-Equity Incentive Plan Compensation – Value Earned During the Year (US\$)</i>
Sean Harvey	35,047	–	–
Mel Williams	28,533	–	–
Eduardo Rosselot	22,321	–	–
Nicolas Bañados	27,080	–	–
Aquiles Alegria	25,682	–	–
Felipe Swett	25,682	–	–

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information

The following table sets out information as at December 31, 2016 with respect to option plans operated by the Company up to that date. The Company's 2011 Option Plan (as hereinafter defined) adopted on January 28, 2011, is the only compensation plan under which equity securities of the Company are currently authorized for issuance to employees or non-employees such as directors and consultants. The 2011 Option Plan was approved by shareholders on June 24, 2014 for a further three year period. A resolution to approve the 2011 Option Plan for a further three year period by share will be put to the Company's shareholders at the Annual General Meeting to be held on June 15, 2017.

<i>Plan Category</i>	<i>Number of Securities to be issued upon the exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>
Equity compensation plans approved by security holders that have now ceased			
2005 Option Plan	25,000	£2.64	Nil
Equity compensation plans approved by security holders forming part of the Company's 10% Rolling equity compensation plan			
2009 Option Awards	1,700,000	£0.15	Nil
2011 Option Awards	48,185,000	£0.0645	19,985,177
<b>Total</b>	<b>49,910,000</b>	<b>£0.06868</b>	<b>19,985,177</b>

As of the date of this Circular a total of 52,960,000 options are in issue representing 7.58 per cent. of the Ordinary Shares in issue. On 6 April 2017, 12,600,000 options which had an exercise price of UK£0.050 pence each, and representing 1.80 per cent. of the Ordinary Shares in issue, expired. On 7 April 2017, the Company issued 15,650,000 options with an exercise price of UK£0.050 pence each representing 2.24 per cent. of the Ordinary Shares in issue.

### Stock Option Plans

#### *The 2011 Option Plan*

On January 28, 2011, the Company adopted the Serabi Mining 2011 Share Option Plan (the "2011 Option Plan") that reserves for issuance, pursuant to its terms, up to 10 per cent. of the number of Ordinary Shares issued and outstanding from time to time. Under the terms of the 2011 Option Plan all the options granted under the 2009 Option Awards are aggregated with all options granted under the 2011 Option Plan for the purpose of computing the 10 per cent. limit on the options that may be granted pursuant to the 2011 Option Plan.

The purpose of the 2011 Option Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth. Pursuant to the terms of the 2011 Option Plan, options may be granted based upon recommendations of the Board or a committee appointed thereby to administer the 2011 Option Plan. Options may not be transferred or charged (and any purported transfer or charge will cause the option to lapse forthwith) except, and subject also to applicable securities laws and the

policies of any stock exchange upon which the Ordinary Shares may be listed or may trade from time to time: (i) on death where the personal representatives of an option holder shall be entitled to exercise the options to the extent that they had vested at the date of death prior to the first anniversary of the death of the holder, or (ii) where, subject to the approval of the Board which shall not be unreasonably withheld, such assignment is to their spouse or their children or to a trust or settlement set up for the benefit of the holder or their spouse or children. Options may be granted for a term not exceeding ten years. No person may be granted Options that under or pursuant to the 2011 Option Plan shall exceed 4 per cent. of the Ordinary Shares in issue at the date of grant. The Ordinary Shares to be purchased upon exercise of each option must be paid for in full by the grantee at the time of exercise and the 2011 Option Plan makes no provision for the Company to provide any financial assistance to the grantee to facilitate such exercise Unless otherwise directed by the Board at the date of the grant, each award shall vest as to one third on the date of grant, one third on the first anniversary of grant and the balance vesting on the second anniversary of the date of grant. The Board shall also be entitled to establish performance criteria, which may affect the vesting of the options or the rights of the holder to exercise the options.

Options may be granted under the 2011 Option Plan only to directors, officers, employees and consultants of the Company or to their permitted assigns, subject to the rules and regulations of applicable regulatory authorities and any stock exchange upon which the Ordinary Shares may be listed or may trade from time to time.

Options whether vested or not, will otherwise lapse on the earlier of the date stipulated at the date of grant and the tenth anniversary of the date of grant, or if the option holder is a bad leaver (as determined by the Board) on the date that the option holder becomes a bad leaver. If an option holder who is not a bad leaver is no longer a director, officer, employee and other service provider prior to the vesting of any option, such option shall also lapse save that, at the sole discretion of the Board, the Board may determine that such options have not lapsed and shall vest and be exercised within such period as the Board may determine. Any option that has already vested as of the date that an option holder who is not a bad leaver ceases to be a director, officer, employee and other service provider shall remain exercisable within the terms of the agreement, for a period of 120 days (or such longer period as the Board at its discretion may determine) from the date that the option holder ceases to be a director, officer, employee and other service provider.

The exercise price of options issued is to be determined by the Board but shall not be lower than the volume weighted average market price in the five day period preceding the date of grant. Upon exercise in accordance with the terms thereof, each option entitles the holder thereof to acquire one Ordinary Share. No option may be exercised unless the Company has sufficient authorized but unissued share capital and the directors have the relevant authority to allot shares free of any pre-emption rights.

Subject to the approval of any regulatory authority, if required, the Board may terminate, suspend or discontinue the 2011 Option Plan at any time and may make the following amendments or revisions to the terms of the 2011 Option Plan or an option without the approval of the Company's Shareholders:

- (a) amendments of a "housekeeping" nature;
- (b) a change to the vesting provisions of an option or the 2011 Option Plan;
- (c) a change to the termination provisions of an option or the 2011 Option Plan that does not entail an extension beyond the dates on which an option shall lapse;
- (d) the addition of, and any subsequent amendment to, a conditional exercise;
- (e) a modification of the requirements as to eligibility for participation in the 2011 Option Plan;
- (f) the addition of, and any subsequent amendment to, a financial assistance provision; and
- (g) amendments to the terms and conditions of the 2011 Option Plan necessary to ensure that the 2011 Option Plan complies with the applicable laws and regulatory requirements, including the rules of the exchange(s) on which the Ordinary Shares are listed and the rules of any applicable taxation authority, in place from time to time.

No option that has already been granted shall be amended in a manner that might be prejudicial to the option holder without the express written approval of the option holder.

The Board must seek the approval by the Company's Shareholders at a meeting duly held in accordance with applicable corporate laws and stock exchange regulations before making any increase in the maximum percentage of options which may be granted under the 2011 Option Plan, or effecting any amendments that may lead to a significant or unreasonable dilution in the issued Shares or may provide additional benefits to participants, especially insiders of the Company, at the expense of the Company and/or its Shareholders.

The Company's Shareholders at a meeting held on 23 June 2014, formally approved the grant of unallocated options under the Serabi 2011 Share Option Scheme until 23 June 2017. A resolution will be proposed at the meeting of the Company's Shareholders to be held on 15 June 2017, to formally approve the grant of unallocated options under the Serabi 2011 Share Option Scheme until 15 June 2020.

### ***2009 Share Option Awards***

In December 2009, the Company granted options to directors and employees of the Company to acquire up to 1,900,000 Ordinary Shares exercisable at 15 pence per Ordinary Share (the "**2009 Option Awards**"). Of these grants of options, 200,000 options have lapsed and the 1,700,000 options outstanding represent 0.24 per cent. of the Ordinary Shares in issue at the date of this Circular. Such awards were made under individual share option agreements. All of the agreements were identical with respect to the terms and conditions of the awards.

Options may not be transferred or charged (and any purported transfer or charge will cause the option to lapse forthwith) except, and subject also to applicable securities laws and the policies of any stock exchange upon which the Ordinary Shares may be listed or may trade from time to time, (i) on death where the personal representatives of an option holder shall be entitled to exercise the options to the extent that they had vested at the date of death prior to the first anniversary of the death of the holder; or (ii) to any person nominated by him on written notification of the same to the Company Secretary. Options were granted for a term not exceeding 10 years. The Ordinary Shares to be purchased upon exercise of each option must be paid for in full by the grantee at the time of exercise. Each award shall vest as to one third on the date of grant, one third on the first anniversary of grant and the balance vesting on the second anniversary of the date of grant.

Options whether vested or not, will otherwise lapse on the tenth anniversary of the date of grant, or if the option holder is a bad leaver (as determined by the Board) on the date that the option holder becomes a bad leaver. If an option holder who is not a bad leaver is no longer a director, officer, employee and other service provider prior to the vesting of any option, such option shall also lapse save that, at the sole discretion of the Board, the Board may determine that such options have not lapsed and shall vest and be exercised within such period as the Board may determine. Any option that has already vested as of the date that an option holder who is not a bad leaver ceases to be a director, officer, employee and other service provider shall remain exercisable within the terms of the agreement.

### ***2005 Serabi Share Option Plan***

In February 2006, the Board adopted a share option plan (the "**2005 Option Plan**") and made certain awards to employees and directors. As of the date of this Circular, 25,000 options exercisable at a price of £2.64 on or before November 14, 2017 remain outstanding under these arrangements representing 0.0036 per cent. of the Ordinary Shares in issue at the date of this Circular.

All of the options have vested to the holders none of whom are current employees or directors of the Company and may now be exercised at any time up to their expiry.

The Company has determined that certain terms of the 2005 Option Plan were no longer appropriate and would not assist in attracting, retaining and motivating future option holders. The Company has terminated the 2005 Option Plan and no further awards will be made under the 2005 Option Plan.

## **DIRECTORS' AND OFFICERS LIABILITY INSURANCE**

The Company has directors' and officers' liability insurance for directors and officers of the Corporation and its subsidiaries. The annual premium for the current policy which runs from June 1, 2016 to May 31, 2017 is £13,500 (excluding Insurance Premium Tax). The annual insurance coverage under the policy is limited to £5,000,000 per policy year. There is a US\$25,000 deductible provision for all claims made by the Company relating to matters arising in the United States. The Company held a further Prospectus and Offering of Securities insurance policy for which the premium was C\$25,000. The policy was for a term of six years commencing 23 March, 2011. There was no deductible provision for any claims made by the Company and the coverage was up to C\$10,000,000 in any one claim and in aggregate over the policy life.

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

The Board is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities of the Company or otherwise, of any director or executive officer, or anyone who held office as such since the beginning of the Company's last financial year, each proposed nominee for election as a director of the Company, or of any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the approval of unallocated options.

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

To the knowledge of the Company, no director, officer or insider of the Company, or any associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction or in any proposed transaction since January 1, 2017 that has materially affected or would materially affect the Company or any of its subsidiaries.

## **ADDITIONAL INFORMATION**

Financial information about the Company is provided in its financial statements for the year ended December 31, 2016 and related management's discussion and analysis. You may also obtain a copy of the Company's annual report for fiscal 2016, containing the Company's financial statements and management's discussion and analysis for fiscal 2016, as well as a copy of the Company's most recent AIF, by contacting the Company Secretary (Mr. Clive Line) at the Company's offices at 32 Ludgate Hill, London EC4M 7DR, (telephone +44 20 7246 6830) or through e-mail to [contact@serabigold.com](mailto:contact@serabigold.com).

All of these above-mentioned documents as well as additional information relating to the Company are all available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **BOARD APPROVAL**

The contents and the distribution of this Circular have been approved by the Board.

Dated at London, England on the 12th day of May, 2017

**BY ORDER OF THE BOARD**

(Signed) "*T Sean Harvey*"

**T Sean Harvey**

*Chairman of the Board*

# **SCHEDULE “A”**

## **SERABI GOLD PLC**

### **MANDATE OF THE BOARD**

#### **Introduction**

The term “**Company**” herein shall refer to Serabi Gold plc and the term “**Board**” shall refer to the board of directors of the Company. The Board is elected by the Shareholders and is responsible for the stewardship of the business and affairs of the Company. The Board seeks to discharge such responsibility by reviewing, discussing and approving the Company’s strategic planning and organizational structure and supervising management to ensure that the foregoing enhance and preserve the underlying value of the Company.

Although directors may be elected by the Shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Company as a whole must be paramount at all times.

#### **Chairman and Composition and Quorum**

1. The Board will be comprised of a minimum of one member and a maximum of ten members, the majority of which shall be, in the determination of the Board, “independent” for the purposes of National Instrument 58-101 Disclosure of Corporate Governance Practices. Each Board member shall satisfy the independence and experience requirements, if any, imposed by applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.
2. The chairman of the Board will be elected by vote of a majority of the full Board membership, on the recommendation of the Corporate Governance and Nominating Committee. The chairman of the Board with the assistance of the lead director (who shall be an independent director), if any, will chair Board meetings and shall be responsible for overseeing the performance by the Board of its duties, for setting the agenda of each Board meeting (in consultation with the Chief Executive Officer (the “**CEO**”)), for communicating periodically with committee chairs regarding the activities of their respective committees, for assessing the effectiveness of the Board as a whole as well as individual Board members and for ensuring the Board works as a cohesive team and providing the leadership essential to achieve this.

#### **Meetings**

3. Meetings will be scheduled to facilitate the Board carrying out its responsibilities. Additional meetings will be held as deemed necessary by the Chairman of the Board. The independent directors of the Board shall hold regularly scheduled meetings at which non-independent directors and management are not in attendance. Any director of the Company may request the Chairman of the Board to call a meeting of the Board.
4. Meetings of the Board shall be validly constituted if a majority of the members of the Board is present in person or by telephone conference. A resolution in writing signed by all the members of the Board entitled to vote on that resolution at a meeting of the Board is as valid as if it had been passed at a meeting of the Board.

#### **Board Charter and Performance**

5. The Board shall have a written charter that sets out its mandate and responsibilities and the Board shall review and assess the adequacy of such charter and the effectiveness of the Board at least annually or otherwise, as it deems appropriate, and make any necessary changes. Unless and until replaced or amended, this mandate constitutes that charter. The Board will ensure that this mandate

or a summary that has been approved by the Board is disclosed in accordance with all applicable securities laws or regulatory requirements in the Company's annual management information circular or such other annual filing as may be permitted or required by applicable securities regulatory authorities.

### **Duties of Directors**

6. The Board discharges its responsibility for overseeing the management of the Company's business by delegating to the Company's senior officers the responsibility for day-to-day management of the Company. The Board discharges its responsibilities both directly and through its committees. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature. In addition to the Board's primary roles of overseeing corporate performance and providing quality, depth and continuity of management to meet the Company's strategic objectives, principal duties include the following:

#### ***Appointment of Management***

- (a) The Board has the responsibility for approving the appointment of the CEO and all other senior management, and approving their compensation, following a review of the recommendations of the Compensation Committee. To the extent feasible, the Board shall satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Company.
- (b) The Board from time to time delegates to senior management the authority to enter into certain types of transactions, including financial transactions, subject to specified limits. Investments and other expenditures above the specified limits and material transactions outside the ordinary course of business are reviewed by and subject to the prior approval of the Board.
- (c) The Board oversees that succession planning programs are in place, including programs to appoint, train, develop and monitor management.

#### ***Board Organization***

- (d) The Board will respond to recommendations received from the Corporate Governance and Nominating Committee and the Compensation Committee, but retains the responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
- (e) The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and management, the conduct of performance evaluations and oversight of internal controls systems and health, safety and environmental policies, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

#### ***Strategic Planning***

- (f) The Board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning and approving the mission of the business and its objectives and goals.
- (g) The Board is responsible for adopting a strategic planning process and approving and reviewing, on at least an annual basis, the business, financial and strategic plans by which it is proposed that the Company may reach those goals, and such strategic plans will take into account, among other things, the opportunities and risk of the business.
- (h) The Board has the responsibility to provide input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.

### ***Monitoring of Financial Performance and Other Financial Reporting Matters***

- (i) The Board is responsible for enhancing congruence between shareholder expectations, corporate plans and management performance.
- (j) The Board is responsible for:
  - (i) adopting processes for monitoring the Company's progress toward its strategic and operational goals, and to revise and alter its direction to management in light of changing circumstances affecting the Company; and
  - (ii) taking action when Company performance falls short of its goals or other special circumstances warrant.
- (k) The Board is responsible for approving the audited financial statements, interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements.
- (l) The Board is responsible for reviewing and approving the Company's annual budget, if any, presented by management.
- (m) The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Company's governing statute, including the payment of dividends, issuance, purchase and redemptions of securities, acquisitions and dispositions of material capital assets and material capital expenditures.

### ***Environmental Matters***

- (n) The Board is responsible for overseeing, with the assistance of relevant board committees, if any, the establishment of health, safety and environmental policies for its operations that are consistent with accepted industry practice and comply with applicable laws and regulatory requirements.

### ***Risk Management***

- (o) The Board has responsibility for the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Company and achieving a proper balance between the risks incurred and the potential return to the Company's shareholders.
- (p) The Board is responsible for the Company's internal control and management information systems.

### ***Policies and Procedures***

- (q) The Board is responsible for:
  - (i) developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines for the Company and approving and monitoring compliance with all significant policies and procedures related to corporate governance; and
  - (ii) approving policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards and, in particular, adopting a written code of business conduct and ethics which is applicable to directors, officers and employees of the Company and which constitutes written standards that are reasonably designed to promote integrity and to deter wrongdoing.

- (r) The Board enforces its policy respecting confidential treatment of the Company's proprietary information and Board deliberations.

#### ***Communications and Reporting***

- (s) The Board is responsible for approving and revising from time to time as circumstances warrant a disclosure policy to address communications with shareholders, employees, financial analysts, the media and such other outside parties as may be appropriate.
- (t) The Board is responsible for:
  - (i) overseeing the accurate reporting of the financial performance of the Company to shareholders, other security holders and regulators on a timely and regular basis;
  - (ii) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
  - (iii) (taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Company;
  - (iv) reporting annually to shareholders on its stewardship for the preceding year; and
  - (v) overseeing the Company's implementation of systems which accommodate feedback from stakeholders.

#### ***Position Descriptions***

- (u) The Board is responsible for:
  - (i) developing position descriptions for the Chairman of the Board, the lead director, if applicable, the chair of each Board committee and, together with the CEO, the CEO (which will include delineating management's responsibilities);
  - (ii) developing and approving the corporate goals and objectives that the CEO is responsible for meeting; and
  - (iii) developing a description of the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.

#### ***Orientation and Continuing Education***

- (v) The Board is responsible for:
  - (i) ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Company expects from its directors) and that they understand the nature and operation of the Company's business; and
  - (ii) providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Company's business remains current.

#### ***Nomination of Directors***

- (w) In connection with the nomination or appointment of individuals as directors, the Board is responsible for:
  - (i) considering what competencies and skills the Board, as a whole, should possess;
  - (ii) assessing what competencies and skills each existing director possesses; and

- (iii) considering the appropriate size of the Board, with a view to facilitating effective decision making.

In carrying out each of these responsibilities, the Board will consider the advice and input of with the assistance of the relevant board committee, if any.

- (x) Director nominees shall be selected by a majority of the independent directors.

***Board Evaluation***

- (y) The Board is responsible for ensuring that the Board, its committees and each individual director are regularly assessed regarding his, her or its effectiveness and contribution. An assessment will consider, in the case of the Board or a Board committee, its mandate or charter and in the case of an individual director, any applicable position description, as well as the competencies and skills each individual director is expected to bring to the Board.

**Authority to engage outside advisors**

7. The Board has the authority to engage independent counsel and other outside advisors as it determines necessary to carry out its duties including, but not limited to, identifying and reviewing candidates to serve as directors or officers, and to set and pay the compensation for any such advisors employed by the Board.
8. The Company shall provide appropriate funding, as determined by the Board, for payment (a) of compensation to any advisors engaged by the Board, and (b) of ordinary administrative expenses of the Board that are necessary or appropriate in carrying out its duties.





