



**Annual and Special Meeting of Shareholders**

**to be held Thursday, June 24, 2021**

**at**

**10:00 a.m.**

**Management Information Circular**

**Dated May 20, 2021**



## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an Annual Meeting (the "**Meeting**") of the shareholders of Xtierra Inc. ("**Xtierra**" or the "**Corporation**") will be held on Thursday, June 24<sup>th</sup>, 2021 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the report of the Directors and the financial statements of the Corporation for the financial year ended December 31, 2020, together with the report of the auditors thereon;
2. to elect Directors;
3. to appoint auditors;
4. to ratifying the Corporation's existing Stock Option Plan; and
5. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

### **IMPORTANT**

**THE CORPORATION WILL HOLD THIS ANNUAL MEETING BY TELECONFERENCE ONLY IN ACCORDANCE WITH GOVERNMENT RESTRICTIONS ON PUBLIC GATHERINGS AND GUIDANCE ON SOCIAL DISTANCING DUE TO THE COVID-19 PANDEMIC.**

Amid ongoing concerns about the Coronavirus (COVID-19) outbreak, the Corporation remains mindful of the well-being of shareholders and their families, and other stakeholders as well as the communities in which we operate and will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus, which may include potentially adjourning or postponing the Meeting.

### **NO VOTES WILL BE ACCEPTED AT THE TELECONFERENCE MEETING.**

Shareholders are encouraged to complete, date, sign and return the enclosed form of proxy in accordance with the instructions set out in the proxy and in the attached Management Information Circular (the "**Circular**").

The Circular has been prepared to help you make an informed decision on each of the matters to be voted on at the Meeting. Please review the Circular carefully before voting.

The Meeting materials, including the Circular, are available on the Corporation's website at [www.Xtierra.ca](http://www.Xtierra.ca) and will remain on the website for at least one full year from the date of this Notice. The Meeting materials are also available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Only Shareholders as of the close of business on the record date of May 7, 2021 are entitled to vote at the Meeting either in person or by proxy. In order to be valid for use at the Meeting, proxies must be received by the Corporation, at 1805-55 University Avenue, Toronto, Ontario M5J 2H7 at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting. The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion, without notice.

If you are a registered shareholder, you will have received this Notice of Meeting and a form of Proxy (the "**Proxy**") from the Corporation. Registered shareholders are requested to read the notes included in the form of Proxy, then complete, date, sign and mail the Proxy, in accordance with the instructions set out in the Proxy.

If you are a non-registered (beneficial) shareholder, you will have received this Notice and a form of Proxy through your broker or another intermediary. Please complete and return the Proxy in accordance with the instructions provided to you by your broker or intermediary, and by the deadline, set out therein.

A shareholder may contact the Corporation by sending an email to [info@Xtierra.ca](mailto:info@Xtierra.ca) to request and receive a copy of the Corporation's Financial Statements and Management's Discussion and Analysis. ("**MD&A**") for the fiscal year ended December 31, 2020.

# Xtierra inc.

## **ATTEND THE MEETING BY TELECONFERENCE**

To mitigate potential risks to health and safety associated with COVID-19 Pandemic, and in compliance with the orders and directives of the Government of Canada, the Province of Ontario and the City of Toronto, the shareholders of Xtierra Inc. are being discouraged from attending the Meeting in-person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out in the Notice of Meeting and Circular.

To allow the Shareholders to follow the conduct of the Meeting, the Corporation is providing a teleconference facility that can be used by Shareholders to follow the conduct of the Meeting in real time and to ask questions during the question period.

### **Teleconference Details:**

Date: Thursday, June 24, 2021

Time: 10:00 a.m. (Toronto Time)

### **Participants Telephone Numbers:**

Teleconference Only  
Canada: 416-764-8607  
Toll Free: 1-888-886-8047  
Guest Code: 0009330#

When prompted, please provide your name, and whether you are a shareholder or a guest.

DATED at Toronto, Canada as of May 20, 2021.

## **BY ORDER OF THE BOARD OF DIRECTORS**

*"Tim Gallagher"*

\_\_\_\_\_  
Tim Gallagher, Chief Executive



## MANAGEMENT INFORMATION CIRCULAR

**This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of XTIERRA INC.** (the "Corporation" or "Xtierra") for use at the Annual and Special Meeting of Shareholders of the Corporation (the "Meeting") to be held on Thursday, June 24, 2021 at 10:00 A.M. (Toronto time), by **TELECONFERENCE DUE TO THE COVID-19 PANDEMIC AND GOVERNMENT ORDERS TO MAINTAIN SOCIAL DISTANCING** for the purposes set out in the accompanying Notice of Meeting. It is expected that the solicitation will be made primarily by mail. Proxies may be solicited by officers, directors and regular employees of the Corporation personally or by telephone. The cost of such solicitation will be borne by the Corporation.

### Notice and Access

The Corporation has elected to use the notice-and-access regime adopted by the Canadian Securities Administrators in NI 54-101, for the delivery of meeting materials. Under the notice-and-access regime, reporting issuers are permitted to deliver the meeting materials by posting them on SEDAR, as well as a website other than SEDAR, and sending a notice package to each shareholder receiving the meeting materials under this regime.

The notice package must include: (i) the relevant form of proxy or voting instruction form; (ii) basic information about the meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the meeting materials; and (iv) a plain-language explanation of how the notice-and-access system operates and how the meeting materials can be accessed online. Where prior consent has been obtained, a reporting issuer can send this notice package to shareholders electronically. This notice package must be mailed to shareholders from whom consent to electronic delivery has not been received.

The Corporation has also elected to send its meeting materials to Beneficial Shareholders (as defined herein) using the notice-and-access regime. Accordingly, the Corporation will send the above-mentioned notice package to Beneficial Shareholders which includes instructions on how to access the Corporation's meeting materials online and how to request a paper copy of these materials.

### Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the "Proxy") as proxyholders, are Officers and/or Directors of the Corporation. If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the persons designated in the Proxy, who need not be a shareholder, and act for you on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided by the Proxy or by completing and delivering another suitable form of proxy.

### COMPLETION AND RETURN OF PROXY

Completed Proxies must be deposited at the office of the Corporation at 1805-55 University Avenue, Toronto, Ontario, M5J 2H7, not later than June 22, 2021.

### Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your shares will be voted accordingly. The Proxy confers discretionary authority on persons therein with respect to:

- i. Each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- ii. Any amendment to or variation of any matter identified therein; and
- iii. Any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the shares represented by the Proxy in favour of each matter identified on the Proxy and for the nominees of management for directors and auditors as identified in the Proxy, as applicable.**



## Registered Shareholders

If you are a registered shareholder, complete, date and sign the Proxy and return it to the Corporation's office at 55 University Avenue, Suite 1805, Toronto, Ontario M5J 2H7 in the enclosed envelope and ensuring that the Proxy is received by 10:00 a.m. on June 22, 2021 or any adjournment thereof at which the Proxy is to be used.

## Non-Registered Holders

**The information in this section is of significant importance to shareholders who do not hold shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meetings are those deposited by registered shareholders (those whose names appear on the records of the Corporation as the registered shareholders of shares) or as set out in the following disclosure.

If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "intermediary"). In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for the Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Most Shareholders are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company or other intermediary through which they purchased the Shares.

The Corporation is taking advantage of those provisions of National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators, which permit the Corporation to deliver proxy-related materials directly to its NOBOs.

This Circular, with related material and form of Proxy, is being sent or made available to both registered and non-registered shareholders of the Corporation. If you are a non-registered owner, and the Corporation has sent these materials directly to you, your name, address and details about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary who holds your shares on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding your shares on your behalf) has assumed responsibility for (i) delivering the materials to you, and (ii) executing your proper voting instructions. Please return your completed Proxy to the address specified.

The Corporation will tabulate the results of the Proxy's received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the Proxies it receives. You have the right to appoint a person (who need not be a Shareholder) other than any of the persons designated in the Proxy to represent your shares at the Meeting and that person maybe you.

With respect to OBOs, in accordance with applicable securities law requirements, the Corporation has distributed copies of the Meeting materials to the clearing agencies and Intermediaries for distribution to OBOs. The Corporation does not intend to pay for Intermediaries to deliver the Meeting materials.

## Notice to Shareholders in the United States

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



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

#### REVOCATION OF PROXY

Any Registered Shareholder who has returned a Proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing, including a Proxy bearing a later date, executed by the Registered Shareholder or by his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the Proxy must be deposited at the registered office of the Corporation, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting.

**Only Registered Shareholders have the right to revoke a Proxy. Non-registered holders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.**

#### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Each holder of common shares in the capital of the Corporation ("**Common Shares**") of record at the close of business on May 7, 2021 will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy, except to the extent that such holder has transferred any Common Shares after the record date and the transferee of such Common Shares establishes proper ownership thereof and demands, not later than ten days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee is entitled to vote.

As at May 7, 2021, the Corporation had 175,693,057 issued and outstanding Common Shares. Each Common Share carries the right to one vote per share. The outstanding Common Shares are listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "**XAG**".

To the knowledge of the Directors and executive officers of the Corporation, the following table sets out the names of all persons who beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the outstanding Common Shares:

	<b>Number of Common Shares Beneficially Owned (Directly or Indirectly), Controlled or Directed</b>	<b>Percentage of Issued and Outstanding Common Shares as of May 7, 2021</b>
Buchans Resources Limited	43,000,003	24.4%

As at the date hereof, the Directors and senior officers of the Corporation, as a group, beneficially own, directly, or indirectly approximately 14 per cent of the outstanding Common Shares.

Messrs. Kearney and McKillen, Directors of the Corporation, are directors and Mr. Varma is an Officer of Buchans Resources Limited.

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

No person who has been a Director or executive officer since the beginning of the Corporation's last completed fiscal year, proposed nominee for election as a Director, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of directors or appointment of auditors.



## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

### PRESENTATION OF FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the year ended December 31, 2020 and the report of the auditors thereon will be placed before the shareholders at the Meeting. No vote will be taken on the financial statements. The financial statements and additional information concerning the Corporation are available under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

### ELECTION OF DIRECTORS

Under the constating documents of the Corporation, the Board is to be elected annually. At the last Annual Meeting in 2020 four Directors were elected, Messrs. Kearney, Gallagher, Gauthier and McKillen Messrs. Kearney and McKillen have notified Management that they do not wish to stand for re-election as Directors. Management proposes to nominate four Directors for election to the Board at the Meeting.

At the Meeting, shareholders will be asked to approve an ordinary resolution for the election of the four persons named hereunder as directors of the Corporation (the "Nominees").

**Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of the Nominees.**

Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any Nominee or Nominees unable to serve. Each director elected will hold office until the close of the first annual meeting of shareholders of the Corporation following his or her election or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets out the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation held by each of them, the principal occupation or employment of each of them for the past five years, the year in which each was first elected a director of the Corporation (where applicable) and the approximate number of Common Shares that each has advised are beneficially owned (directly or indirectly) or subject to his or her control or direction

Name and Municipality of Residence	Office with the Corporation	Principal Occupation	Director/ Officer Since	Shares held Directly or Indirectly, or over which control or direction is exercised
Timothy Gallagher Toronto, Ontario	President and Director	Financial Executive Chairman and CEO of Music Royalties Inc. Prior to 2017, Chairman & CEO of Metalla Royalty & Streaming Ltd	August 14, 2008	10,680,000
Gerald Gauthier <sup>(1)</sup> Ahmic Harbour, Ontario	Director	Professional Mining Engineer (retired) Director of Labrador Iron Mines Holdings Limited. Prior to 2017, Chief Operating of the Corporation.	August 24, 2017	33,000



# Xtierra

Stephen Stewart Toronto, Ontario	Nominee	Stephen Stewart is the Chief Executive of Orefinders Resources Inc. and QC Copper & Gold. Chairman of Baseload Energy Corp. Director of Mistango River Resources, Managing Partner of Minvest Partners, a private group focused on natural resource discovery and development.	Nominee	500,000
Paul O'Brien Toronto, Ontario	Nominee	Chartered Financial Analyst President of Anthem Capital Group Inc. Independent Corporate Advisory	Nominee	Nil

Notes: (1) Member the Audit Committee.

**Tim Gallagher:** Mr. Gallagher is President and Chief Executive Officer of Xtierra since 2018. He is Chairman and Chief Executive Officer of Music Royalties Inc and Green Royalties Inc. He is the former Chairman & CEO of Metalla Royalty & Streaming Ltd (previously Excalibur Resources Ltd.) 2009-2017. He is a former Founder and Director of several TSX Venture Exchange listed CPCs including Biorem Inc, Soltoro Ltd, Schneider Power Inc. and Xmet Inc. Tim has invested in, financed, managed and assisted in the growth of numerous companies in the royalty, resource, clean tech and technology sectors primarily by taking them public via the Capital Pool Program since 1997.

**Gerald Gauthier:** Mr. Gauthier is a professional mining engineer with over 40 years' experience in Canada, Africa, the U.S.A. and Mexico, He was Chief Operating Officer of Xtierra from 2008 to 2017. Prior to June 2008 was Chief Operating Officer, Nevsun Resources Inc. and was formerly Vice-President Mining of Glencairn Gold Inc. From 1987-1994, Mr. Gauthier was Senior Vice President North American Operations for Lac Minerals Ltd. and from 1979 to 1987 was employed by Lac Minerals as Manager of various Canadian mines including General Manager of the Page Williams gold mine at Hemlo, Ontario. Mr. Gauthier holds a B.Sc. in mining engineering from Queen's University.

**Stephen Stewart:** Mr. Stewart is the CEO and Director of Orefinders Resources Inc. and QC Copper & Gold, both TSX Venture listed companies, while also being a Chair of Mistango River Resources and Baselo Energy Corp. He is also founder of the Ore Group, an organization focused on natural resource discovery and development. Mr. Stewart is the founder and Chairman of the Young Mining Professionals Scholarship Fund, the largest mining-focused charitable organization and fund, which supports mining engineering and geology education in Canada. Mr. Stewart holds a Bachelor of Arts from the University of Western Ontario, a Master of Business Administration from the University of Toronto's Rotman School of Management and a Master of Science from the University of Florida.

**Paul O'Brien:** Mr. O'Brien has a total of 22 years experience in mining capital markets, including more than seven years of award-winning gold equity research covering developing companies to senior producers, as well as precious metals commodity forecasting, primarily for pension, mutual and hedge funds. In addition, Mr. O'Brien has +14 years experience in corporate advisory and investment banking primarily focused on the mining industry where he gained global capital markets experience having been based in various global mining centres (Toronto, Vancouver, Sydney, Perth) as a member of bank-owned capital markets groups and VP and Partner at independent firms. He previously has and continues to serve as a board member of publicly listed exploration companies. Mr. O'Brien received his B. Com. from McMaster University and is a CFA Charter holder.

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set out below, no director, or nominee for election as a director of Xtierra is, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days or was declared bankrupt or made a voluntary assignment in bankruptcy, 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 its assets except as follows:





Gerald. Gauthier is a Director of Labrador Iron Mines Holdings Limited ("LIMH") which on April 2, 2015, instituted proceedings in the Ontario Superior Court of Justice for a financial restructuring under the *Companies' Creditors Arrangement Act* and had a plan of arrangement sanctioned by the Court on December 14, 2016, having been approved by creditors on December 6, 2016.

## **STATEMENT OF EXECUTIVE COMPENSATION**

During the year ended December 31, 2020, the Corporation had two Named Executive Officers ("NEOs") as defined under applicable Canadian securities regulations; namely, Tim Gallagher, Chief Executive Officer, and Danesh Varma, Chief Financial Officer.

The Corporation does not employ any full-time executive officers. Management of the Corporation is conducted by the directors on a part-time basis. The Corporation has not paid any salaries or fixed retainers to Executive Officers in their capacity as executive officers during the last financial year. Due to the financial condition of the Corporation, no compensation is paid to Executive Officers.

However, Executive Officers may be compensated for professional management or consulting services actually provided to the Corporation at the request of Management of the Corporation in accordance with industry rates based upon invoices submitted periodically. The Directors of the Corporation consider this compensation strategy to be appropriate in the current financial circumstances of the Corporation. Upon achieving a reorganization of its financial affairs, the Corporation's compensation arrangements for the Executive Officers will be reviewed.

In normal circumstances, the general compensation philosophy of the Corporation for executive officers would be to provide a level of compensation that is competitive within the North American marketplace and that will attract and retain individuals with the necessary experience and qualifications necessary, and to provide long-term incentive compensation which aligns the interest of executives with those of shareholders and provides long-term incentives to members of senior management whose actions have a direct and identifiable impact on the performance of the Corporation.

### Compensation Discussion and Analysis

Given the stage of development and scale of its operations, the Corporation has not paid any salary to its Chief Executive Officer or Chief Financial Officer in their capacities as executive officers during the last financial year ended December 31, 2020.

The Corporation does not currently have a formal incentive bonus plan in place. Any award of a bonus to Named Executive Officers is at the discretion of the Board based upon recommendation by the Compensation Committee. In considering the payment of a bonus to any Named Executive Officer, the Compensation Committee would take into account the individual performance and efforts of the executive, the progress made by the Corporation in furthering its business plans and the overall financial position of the Corporation.

It is expected that in the future, the Corporation's objectives of executive compensation will be to provide total compensation packages to senior executive officers to ensure senior management is appropriately engaged and retained and to provide a level of base compensation that is competitive within the North American marketplace and that will attract and retain individuals with the experience and qualifications necessary for the management of the Corporation's business.

In future years, the Corporation expects to provide longer-term incentive compensation, through the grant of stock options, or other stock appreciation rights, to members of senior management whose actions have a direct and identifiable impact on the performance of the Corporation and who have material responsibility for long-range strategic development and implementation which aligns the interests of senior management with the interests of shareholders. The grant of restricted share units may also form part of the equity component portion of the total remuneration of senior executive officers.

The Board of Directors does not have a Compensation Committee. Compensation matters are reviewed by the full board of directors. An interested board member is required to abstain from voting on matters concerning his own compensation.

# Xtierra Inc.

The Corporation is in the mineral exploration and development business and, accordingly, does not yet have significant revenues from operations and often operates with sufficient financial resources only to ensure that funds are available to complete scheduled programs. As a result, the Board of Directors has to consider not only the financial situation of the Corporation at the time of the determination of executive compensation, but also the estimated financial situation of the Corporation in the mid-and long-term.

## Stock Options

The Corporation has established an incentive stock option plan. The Stock Option Plan is administered by the board of directors of the Corporation. The Stock Option Plan is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance.

## Other Incentives

The Corporation does not have a formal annual incentive bonus plan in place. Any award of a bonus to executive officers would be entirely at the discretion of the Board of Directors. No bonuses were paid to the Named Executive Officers during the fiscal year ended December 31, 2020.

## **Director and Named Executive Officer Compensation**

Particulars of compensation earned by each NEO and Director in the two most recently audited financial years are set out in the summary compensation table below: Expressed in Canadian dollars unless otherwise noted.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and Position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Timothy Gallagher President, CEO & Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Danesh Varma Chief Financial Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
John F. Kearney <sup>(1)</sup> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Terence McKillen <sup>(1)</sup> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Gerald Gauthier Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

Note: (1) Messrs. Kearney and McKillen are not standing for re-election as Directors.

## **Stock Options and Other Compensation Securities**

During the financial year ended December 31, 2020, there was no incentive option-based awards granted or issued to any Director or Named Executive Officer. The Corporation does not award any compensation securities other than options.

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

Except as otherwise disclosed herein, the Corporation and its subsidiaries have no compensatory plan or arrangement in respect of compensation received or that may be received by an executive officer of the Corporation in the Corporation's most recently completed or current financial year to compensate such executive officer in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in



responsibilities following a change in control, where in respect of the executive officer the value of such compensation exceeds \$100,000.

### **Stock Option Plan**

Under the Stock Option Plan of the Corporation (the "**Stock Option Plan**"), options to purchase common shares of the Corporation may be granted to employees, officers and directors of the Corporation or subsidiaries of the Corporation and other persons or companies engaged to provide ongoing management or consulting services ("**Service Providers**") for the Corporation, or any entity controlled by the Corporation. In determining the number of common shares of the Corporation subject to each option granted under the Stock Option Plan, consideration is given to the present and potential contribution by such person or company to the success of the Corporation.

### **Pension, Defined Benefit or Actuarial Plans**

The Corporation does not provide any form of group pension plan benefits to employees, officers, or directors.

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

No person who is, or, was at any time during the most recently completed financial year of the Corporation an officer or director of the Corporation, no proposed nominee for election as a director, or any associate of any such person was indebted to the Corporation.

### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The by-laws of the Corporation provide that the Corporation is required to indemnify a director or officer, or former director or officer, or a person who acts or acted at the request of the Corporation as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of having been a director or officer of such body corporate if (a) he or she acted honestly and in good faith with a view to the best interests of the Corporation, and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

### **RE-APPOINTMENT OF AUDITORS**

The directors propose to nominate McGovern Hurley LLP, Chartered Professional Accounts, the present auditors, as the auditors of the Corporation to hold office until the close of the next annual meeting of shareholders.

In the past, the directors have negotiated with the auditors of the Corporation on an arm's length basis in determining the fees to be paid to the auditors. Such fees have been based on the complexity of the matters in question and the time incurred by the auditors. The directors believe that the fees negotiated in the past with the auditors of the Corporation were reasonable and, in the circumstances would be comparable to fees charged by other auditors providing similar services.

In order to appoint McGovern Hurley LLP as auditors of the Corporation to hold office until the close of the next annual meeting, and authorize the directors to fix the remuneration thereof, a majority of the votes cast at the Meeting must be voted in favour thereof.

The management representatives named in the attached form of proxy intend to vote FOR the appointment of McGovern Hurley LLP as auditors of the Corporation and in favour of authorizing the directors to fix the remuneration of the auditors, unless a shareholder specifies in the proxy that his or her Common Shares are to be withheld from voting in respect of the appointment of auditors and the fixing of their remuneration.



## **RATIFICATION OF STOCK OPTION PLAN**

Shareholders will be asked at the Meeting to consider and, if thought advisable, to ratify the Corporation's existing incentive stock option plan (the "**Stock Option Plan**"), which is considered a "rolling" stock option plan, which reserves a maximum of 10% of the Corporation's total outstanding Common Shares at the time of grant for issuance pursuant to the Stock Option Plan. The policies of the TSXV provide that, where a Corporation has a rolling stock option plan in place, it must seek shareholder approval, for such plan annually.

The purpose of the Stock Option Plan is to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Corporation and reduce the cash compensation the Corporation would otherwise have to pay.

The Stock Option Plan complies with the current policies of the TSXV, including the requirement for annual approval by shareholders. Under the Stock Option Plan, a maximum of 10% of the issued and outstanding shares of the Corporation are proposed to be reserved at any time for issuance on the exercise of stock options. As the number of shares reserved for issuance under the Stock Option Plan increases with the issue of additional shares of the Corporation, the Stock Option Plan is considered to be a "rolling" stock option plan.

Shareholders may obtain copies of the Stock Option Plan from the Corporation prior to the meeting upon written request.

As at the date of this Circular there are 175,693,057 common shares of the Corporation issued and outstanding and accordingly, the maximum number of options which may be issued as of the date of this Circular is 3,969,306.

During the year ended December 31, 2020, 700,000 stock options were exercised at an exercise price of \$0.05 per share.

During 2019, 200,000 options were exercised at an exercise price of \$0.05 per share.

In June 2020, the Corporation granted a total of 5,000,000 incentive stock options to consultants and service providers pursuant to the Corporation's Stock Option Plan. All these stock options are exercisable at a price of Cdn\$0.06 per share for a period of five years from June 4, 2020, all vesting quarterly over a period of one year.

Shareholders will be asked at the Meeting to approve with or without variation the following resolution:

**"BE IT RESOLVED THAT** the Stock Option Plan of the Corporation be and it is hereby approved, and that in connection therewith a maximum of 10% of the issued and outstanding shares at the time of each grant be reserved for granting as options and that the board of directors be and they are hereby authorized, without further shareholder approval, to make such changes to the existing Stock Option Plan as may be required or approved by regulatory authorities."

Unless a shareholder who has given a proxy has instructed that the shares represented by such proxy are to be voted against, on any ballot that may be called for ratification of the Stock Option Plan, the person named in the enclosed proxy will cast the shares represented by such proxy FOR such ratification.

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

The only equity compensation plan which the Corporation has in place is the Incentive Stock Option Plan which was last approved by the shareholders in June 2020. The Stock Option Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. The Stock Option Plan is administered by the directors of the Corporation. The Stock Option Plan provides that options will be issued to directors, officers, employees and consultants of the Corporation or a subsidiary of the Corporation. The Stock Option Plan provides that the number of common shares issuable under the Stock Option Plan, together with all of the Corporation's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares.



## Equity Compensation Plan Information

The following is a summary of shares subject to options outstanding under the Corporation's Stock Option Plan and shares remaining available for grant as at December 31, 2020.

	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by	13,600,000	0.054	3,969,306
Equity compensation agreements subject to approval by security	Nil	N/A	Nil
<b>Total</b>	<b>13,600,000</b>	<b>0.054</b>	<b>3,969,306</b>

## Summary of Stock Option Plan

The Corporation has established a stock option plan to provide incentive compensation to the Corporation's directors, officers, employees and consultants.

The Stock Option Plan is administered by the board of directors of the Corporation. Stock options may be granted at any time to any director, senior officer, key employee or other person providing services to the Corporation (each an "Optionee"), taking into consideration his or her contribution to the success of the Corporation and any other factor which the board of directors of the Corporation may deem proper and relevant. The aggregate number of Common Shares which may be reserved for issuance pursuant to the Stock Option Plan and any other share compensation arrangements of the Corporation will not exceed 10% of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time.

Stock options granted under the Stock Option Plan are exercisable over a period not exceeding five years, subject to earlier cancellation upon the termination of the optionee's employment with the Corporation, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Corporation, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. Under the Stock Option Plan, the Board of Directors, in its discretion but upon the advice of its Human Resources and Corporate Governance Committee, is authorized to impose deferred vesting restrictions on any options granted and to fix the exercise price provided that such price may not be lower than the market price of the Corporation's shares determined in accordance with the rules of any stock exchange or other trading market upon which the shares of the Corporation are then listed or quoted or, if the shares of the Corporation do not trade on any such exchange or market, by the Board of Directors in their discretion. The stock options are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares, or a merger or other relevant changes in the Corporation's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Corporation in respect of stock options granted thereunder.

The Board may from time to time amend or revise the terms of the Stock Option Plan or may discontinue the Stock Option Plan at any time provided however that no such right may in any manner adversely affect an Optionee's rights under the option theretofore granted under the Stock Option Plan without consent of such Optionee.

Any amendments to the Stock Option Plan are subject to the prior approval of any stock exchange upon which shares of the Corporation are then listed for trading and any other regulatory authority having jurisdiction over the Corporation.



Shareholder approval will be required for the following types of amendments to the Stock Option Plan:

- an increase in the maximum number of Common Shares issuable under the Stock Option Plan;
- a change in the manner of determining the option price;
- an extension of the expiry date of an option;
- an extension of the period during which options may be granted; and
- an alteration or impairment of any option previously granted to an Optionee, without the prior written consent of the Optionee.

All other amendments to the Stock Option Plan will not require shareholder approval.

A full copy of the Stock Option Plan will be available at the Meeting for review by shareholders. Shareholders may also obtain copies of the Stock Option Plan from the Corporation prior to the meeting upon written request.

## **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES**

### **Corporate Governance**

National Instrument 58-101 ("NI 58-101") of the Canadian Securities Administrators requires the disclosure by each listed corporation of its approach to corporate governance. It is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

The following discloses the Corporation's corporate governance practices as required by NI 58-101.

### **Board of Directors**

Throughout 2020, and to the date of this Circular the Board of Directors is composed of John F. Kearney, Tim Gallagher, Gerald Gauthier and Terence McKillen. The Board believe that a relatively small Board is appropriate for the current size, stage of development and financial condition of the Corporation and to ensure that the Board can function effectively.

NI 58-101 suggests that a majority of the Board of Directors should be "independent" directors. NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the Corporation's board of directors (the "**Board**"), be reasonably expected to interfere with such member's independent judgement. The Board is currently comprised of three independent directors.

Mr. Kearney and Mr. McKillen, directors of Xtierra, and Mr. Varma and Mr. Steenberg, officers of Xtierra, are directors or officers of Buchans Resources which holds 24% of the Corporation's shares and is the Corporation's largest creditor.

As two of the directors of the Corporation also serve as directors of Buchans, they must comply with the conflict of interest provisions under the Business Corporations Act, as well as the relevant securities regulatory instruments, and have declared this conflict of interest and do not vote at meetings of directors on matters in which Buchans may have an interest or where such a conflict arises. In such circumstances, decision are delegated to a special committee of the board, comprising Messrs. Gallagher and Gauthier, both of whom are independent of Buchans.

Other than in matters relating to Buchans, Messrs. Gauthier and McKillen are considered to be independent directors since they are independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2020, the independent directors have not worked for the Corporation, received direct remuneration from the Corporation or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

**Messrs. Kearney and McKillen have notified Management that they do not wish to stand for re-election as Directors. Management proposes to nominate two new nominees for election to the Board at the Meeting, both of whom are independent.**





### Participation of Directors in Other Reporting Issuers

During 2020, the participation of the Directors in other reporting issuers is described in the following table:

Name of Director	Name of Other Reporting Issuer
Timothy Gallagher	QC Copper & Gold Inc. (Director) American Eagle Gold Corp. (Director)
John Kearney	Anglesey Mining plc (Chairman & Director) Buchans Resources Limited (Chairman & Director) Canadian Manganese Company Inc. (Chairman & Director) Conquest Resources Limited (Chairman & Director) Labrador Iron Mines Holdings Limited (Chairman & Director)
Terence McKillen	Buchans Resources Limited (Director) Conquest Resources Limited (Director)
Gerald Gauthier	Labrador Iron Mines Holdings Limited

### Orientation and Continuing Education

While the Corporation currently has no formal orientation and education program for Board members, sufficient information (such as recent reports, prospectus, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to all Board members to ensure that directors are familiarized with the Corporation's business and the procedures of the Board. In addition, directors are encouraged to meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

### Ethical Business Conduct

As some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, must comply with the conflict of interest provisions under the Business Corporations Act, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director is required to declare the nature and extent of his or her interest and is not entitled to vote at meetings of directors where such a conflict arises.

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

### Nomination of Directors

The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Board believes that this is a practical approach at this stage of the Corporation's development and given the size of the Board.

While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with business knowledge and a particular knowledge of mineral exploration and development or other areas which provide knowledge which would assist in guiding the officers of the Corporation. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the directors prior to the consideration by the Board as a whole.





## **Compensation**

Currently, the directors of the Corporation do not receive fees in their capacities as directors, as described under "Compensation of Directors". All directors participate in the Corporation's Stock Option Plan. In 2018 the directors were granted options under the Corporation's Stock Option Plan, on a total of 7,300,000 shares, exercisable at Cdn\$0.05 per share for a period of five years.

## **Board Committees**

The Board has one committee: Audit Committee. From time to time, the Board will form ad hoc committees to consider specific transactions comprised of persons unrelated to the transaction.

## **Assessments**

The Board does not, at present, have a formal process in place for assessing effectiveness of the Board as a whole or its individual directors.

## **Board and Corporate Diversity**

The Corporation currently does not have any women Board members or in executive officer positions (as such term is defined in the Canadian Securities Administrators guidelines for effective corporate governance). The Corporation recognizes the value of individuals with diverse attributes on the Board and in executive officer positions and the desirability of representation of women on the Board and in executive officer positions.

The Corporation has not adopted a written policy relating to the identification and nomination of women directors or regarding the number of women in executive positions because it does not believe that a written policy is the best way to achieve the Corporation's business objectives.

The Corporation believes that the interests of the Corporation would be best served by ensuring that new directors or executives are identified and selected from the widest possible group of potential candidates. A formalized written diversity policy governing the identification and selection of potential women candidates may unduly restrict the Corporation's ability to select the best and most suitable candidate.

The Board is responsible for establishing qualifications and skills necessary for an effective Board and various committees of the Board and for senior executive positions, including factors such as professional experience, particular areas of expertise, personal character, potential conflicts of interest, diversity and other commitments.

Although diversity, which includes diversity in gender, age, ethnicity and cultural background, is one of the factors considered in the Corporation's identification and selection process, other factors, including knowledge and relevant experience, or particular areas of expertise, are given greater consideration in the identification and selection process. In light of the Corporation's view that candidates should be selected from the widest possible group of qualified individuals, the level of representation of women may be considered but is not a major factor in identifying and appointing individuals to the Board.

The Corporation's policy with respect to the representation of women in executive officer positions is the same as its views on the representation of women in the director identification and selection process. In making decisions as to executive officer appointments, the Corporation believes that decisions to hire or promote an individual should be based on that person's knowledge and experience, particular areas of expertise, character and merit. Accordingly, the representation of women in executive officer positions may be considered but is not a major factor and is not an issue when making executive officer appointments.

The Corporation has not adopted a target regarding the representation of women on the Board or in executive officer positions for the reasons set out above. The Corporation believes that adopting such a target would unduly restrict its ability to select, hire or promote the best and most suitable candidate for the position in question.



## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

### Audit Committee

The Audit Committee assists the board of directors in fulfilling its responsibilities for oversight of financial and accounting matters. The committee recommends the auditors to be nominated and reviews the compensation of the auditors. The committee is directly responsible for overseeing the work of the auditors, must pre-approve non-audit services, be satisfied that adequate procedures are in place for the review of Xtierra's public disclosure of financial information extracted or derived from Xtierra's financial statements and must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

### Composition of the Audit Committee

The Audit Committee throughout 2020, and to the date of this Circular is composed of John F. Kearney, Terence McKillen and Gerald Gauthier. The Board of Directors has determined that the Committee members have the appropriate level of financial understanding and industry specific knowledge to be able to perform the duties of the position. Furthermore, the Board has determined that each member of the Audit Committee is financially literate as defined in MI 52-110 and a majority are independent.

The education and experience of each Audit Committee Member is set forth below:

**John F. Kearney:** Mr. Kearney, Chairman, is a mining executive with over 46 years of experience in the mining industry. He is currently a director or senior officer of numerous mineral ventures including, Labrador Iron Mines Holdings Limited and Anglesey Mining Plc and is also Chairman of Buchans Resources Limited, Canadian Manganese Company Inc, and Conquest Resources Limited. He holds degrees in law and economics from the University College Dublin and a Masters in Business Administration from Trinity College Dublin. He is a member of the Law Society of Ireland and the Canadian Institute of Mining and Metallurgy. Mr. Kearney is a member of the Audit Committee.

Mr. Kearney has served as an officer and director of public companies for a period in excess of forty-six years. He has an in depth understanding of the accounting principles used by the Corporation to prepare its financial statements and has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves. He has in depth experience preparing, auditing, analyzing and evaluating financial statements with accounting issues at least comparable to the financial statements and the issues that can be reasonably be expected to be raised by the Corporation's financial statements. He has an in depth understanding of internal controls and procedures for financial reporting.

**Terence McKillen:** Mr. McKillen is a professional geologist with almost 50 years of experience in the mining and mineral exploration industry. He was Chief Executive of Xtierra Inc. and Minco from 2007 until April 2013. Mr. McKillen is a director of Xtierra. Mr. McKillen has worked on exploration and development projects in Ireland, Europe, Africa, Southeast Asia, as well as North, Central and South America.

Mr. McKillen has been an officer and director of public companies for a period in excess of forty years. He has an understanding of the accounting principles used by the Corporation to prepare its financial statements and has the ability to assess the general application of such accounting principles. He has experience in evaluation of financial statements with accounting issues at least comparable to the financial statements and the issues that can be reasonably be expected to be raised by the Corporation's financial statements.

**Gerald Gauthier:** Mr. Gauthier is a professional mining engineer with over 40 years' experience in Canada, Africa, the U.S.A. and Mexico, Mr. Gauthier holds a B.Sc. in mining engineering from Queen's University. He was Chief Operating Officer of Xtierra from 2008 to 2017. Prior to June 2008 was Chief Operating Officer, Nevsun Resources Inc. and was formerly Vice-President Mining of Glencairn Gold Inc. From 1987-1994, Mr. Gauthier was Senior Vice President North American Operations for Lac Minerals Ltd. and from 1979 to 1987 was employed by Lac Minerals as Manager of various Canadian mines including General Manager of the Page Williams gold mine at Hemlo, Ontario.

He has served as an officer of public companies for a period in excess of twenty years. He has an understanding of the accounting principles used by the Corporation to prepare its financial statements and has the ability to assess the general application of such accounting principles. He has experience evaluating financial statements with accounting issues at least comparable to the financial statements and the issues that can be reasonably be expected to be raised by the Corporation's financial statements.

It is expected that a new Audit Committee will be appointed at the first meeting of the Board following the Shareholder Meeting and it is expected that Messrs. Gauthier, O'Brien and Stewart will be appointed as members of the Audit Committee.



The Audit Committee has adopted a Charter, the text of which is set out below:

### **Purpose**

The Audit Committee (the "**Committee**") is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for Xtierra Inc. The Committee's primary duties and responsibilities are to:

- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation and report thereon to the Board;
- select and monitor the independence and performance of the outside auditors of the Corporation (the "**Independent Auditors**"), including meetings with the Independent Auditors;
- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- provide oversight to related party transactions entered into by the Corporation; and
- if necessary, assess the integrity of internal controls and financial reporting procedures of the Corporation and review the internal control report prepared by management required to be included with the annual report of the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

### **Composition and Meetings**

The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the TSX Venture Exchange.

1. The Committee shall be composed of three or more directors, one of whom shall serve as the Chair; both the members and the Chair shall be designated by the Board from time to time.
2. A majority of the members of the Committee shall be "independent" as defined by National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, and all of whom shall be financially literate in accordance with National Instrument 52-110 - *Audit Committees*.
3. The Committee shall meet at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, and a majority of the members of the Committee shall constitute a quorum.
4. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
5. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee.
6. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
7. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
8. The Committee may invite such officers, directors and employees of the Corporation and its subsidiary as it may see fit, from time to time, to attend at meetings of the Committee.
9. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
10. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee members will be elected annually at the first meeting of the Board following the annual meeting of shareholders.



## **Responsibilities**

### **Financial Accounting and Reporting Process and Internal Controls**

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.
3. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and interim financial press releases, and periodically assess the adequacy of these procedures.
4. The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim financial press releases, that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
5. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management, has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall establish procedures for:
9. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
10. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
11. The Committee shall provide oversight to related party transactions entered into by the Corporation.

### **Independent Auditors**

1. The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors in accordance with the terms of this charter.
4. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
5. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
7. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.



8. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
10. The Committee shall monitor and assess the relationship between management and the external auditors and monitor the independence and objectivity of the external auditors.

#### **Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

#### **Pre-Approval Policies & Procedures**

The Audit Committee has adopted procedures requiring Audit Committee review and approval in advance of all particular engagement for services provided by the Auditors. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit services, to be approved by the Audit Committee provided the Audit Committee is informed of each particular service. All of the engagements and fees for Fiscal 2020 and 2019 were approved by the Audit Committee. The Audit Committee reviews with the auditors whether the non-audit services to be provided are compatible with maintaining the Auditor's independence.

Since the adoption of these procedures, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

#### **Audit Fees & Services**

The aggregate amounts billed by Auditors for the two fiscal years ended December 31, 2020 and 2019 for audit fees, audit related fees, tax fees and all other fees are set forth below:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Audit Fees <sup>(1)</sup>	\$18,000	\$10,200
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	Nil	Nil
All Other Fees	Nil	Nil
Total	\$18,000	\$10,200

Notes:

1. "Audit Fees" represent fees for the audit of the annual financial statements, and review in connection with statutory and regulatory filings.
2. "Audit Related Fees" represents fees for assurance and related services that are related to the performance of the audit.
3. "Tax Fees" represent fees for tax compliance, tax advice and planning.

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

No person who has been a director or executive officer since the beginning of the Corporation's last completed fiscal year, proposed nominee for election as a director, shareholder beneficially owning (directly or indirectly) or exercising control or direction over more than 10% of the Common Shares of the Corporation, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Corporation's last completed fiscal year or in any proposed transaction which, in either case, has materially affected or will materially affect the Corporation, other than Buchans Resources Limited which holds 43,000,003 common shares representing approximately 24% of the Corporation's outstanding common shares.

Messrs. Kearney, McKillen, who are directors of the Corporation, and Messrs. Steenberg and Varma, who are officers of the Corporation, are directors are/or officers, and/or shareholders of Buchans Resources Limited.

By an Extension Agreement dated as of February 7, 2020, as amended by an Amending Agreement dated April 30, 2020, the term of the Support and Standstill Agreement ("Support Agreement") with Buchans Resources Limited to defer repayment of principal and accrued interest on outstanding Notes in the amount of \$796,500, was extended for an additional period to April 30, 2021, in consideration of the issue to Buchans of 13,000,000, non-transferable warrants, each warrant entitling Buchans to purchase one common share of Xtierra for Cdn\$0.05 per share for a term to April 30, 2021.

# Xtierra inc.

On April 27, 2021 Buchans exercised the 13,000,000 share purchase warrants and acquired 13,000,000 shares in the Corporation. On the same date, Xtierra reduced the notes due to Buchans by the payment of \$600,000 and by a Second Extension Amendment Agreement dated April 27, 2021, the Support and Standstill Agreement between Buchans and the Corporation was further amended to provide that interest on the remaining balance of the notes due to Buchans in the amount of \$196,000 will resume to accrue at the rate of 5% per annum effective May 1, 2021 until paid, and the Term was extended for a further period to April 30, 2023. Xtierra agreed to issue to Buchans 5,000,000 share purchase warrants exercisable at Cdn\$0.10 per share for a period of two years, subject to approval by the TSXV.

## ADDITIONAL INFORMATION

Financial information is provided in the Corporation's Consolidated Financial Statements and Management Discussion and Analysis for the year ended December 31, 2020 which is also available on SEDAR and on the Corporation's website at [www.Xtierra.ca](http://www.Xtierra.ca). Shareholders may also contact the Secretary of the Corporation to request copies of the Corporation's Financial Statements and Management Discussion and Analysis. Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## APPROVAL

The contents of this Information Circular and the sending thereof have been approved by the Directors of the Corporation.

**Dated: May 20, 2021**

*"Tim Gallagher"*

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**Tim Gallagher,**  
*Chief Executive*