



**NOTICE OF  
ANNUAL GENERAL MEETING OF SHAREHOLDERS  
&  
INFORMATION CIRCULAR**

APRIL 26, 2018



**NOTICE OF  
ANNUAL GENERAL MEETING OF SHAREHOLDERS  
2018**

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**NOTICE IS HEREBY GIVEN** that the 2018 Annual General Meeting (the "Meeting") of Shareholders of Carmax Mining Corp. (the "Corporation") will be held at Suite 217-179 Davie Street, Vancouver, British Columbia on April 26, 2018 at the hour of 11:00 a.m. for the following purposes:

- a) To receive and consider the report of the directors, the audited financial statements of the Corporation for the period ended October 31, 2017, and the report of the auditors thereon;
- b) To set the number of directors to 5;
- c) To elect directors for the ensuing year;
- d) To appoint auditors for the ensuing year at a remuneration to be fixed by the directors;
- e) To consider and, if thought fit, to approve the Corporation's proposed rolling stock option plan subject to the policies of the TSX Venture Exchange; and
- f) To transact such other business as may be properly transacted at the Meeting or at any adjournment thereof.

An Information Circular accompanies this Notice. The Information Circular contains details of matters to be considered at the Meeting.

**Shareholders who are unable to attend the Meeting in person are requested to read the notes accompanying the instrument of proxy and complete and return the proxy to the Company's transfer agent Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Facsimile number 1-866-249-7775 or the Company, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting.**

**DATED** at the City of Vancouver, in the Province of British Columbia, as of the 22<sup>nd</sup> day of March, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Jevin Werbes"*

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**Jevin Werbes  
President**



## INFORMATION CIRCULAR as at and dated March 22, 2018

### Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by management of **Carmax Mining Corp.** (the "Corporation") for use at the 2018 Annual General Meeting (the "Meeting") of Shareholders of the Corporation to be held on April 26, 2018 at the time and place and for the purposes set forth in the Notice of Meeting.

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The cost of this solicitation will be borne by the Corporation.

### **Appointment and Revocation of Proxies**

The persons named in the accompanying form of proxy are directors of the Corporation. **A shareholder desiring to appoint some other person (who need not be a shareholder) to represent him or her at the meeting may do so, either by striking out the printed names and inserting the desired person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and in either case delivering the completed proxy to the office of Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, ON, M5J 2Y1, or to the Corporation's office, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting.**

The chair of the Meeting will have the discretion to accept or reject proxies otherwise deposited.

A shareholder who has given a proxy may revoke it by an instrument in writing delivered to the said office of Computershare Investor Services Inc. or the Corporation's office at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or to the chair of the Meeting, or in any manner provided by law.

### **Proxy Instructions**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** The securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for. If the shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly.

The form of proxy confers authority upon the named proxyholder with respect to matters identified in the accompanying notice of Meeting. **If a choice with respect to such matters is not specified, it is intended that the person designated by management in the form of proxy will vote the securities represented by the proxy in favour of each matter identified in the proxy and for the nominees of management for directors and auditors.**

**The proxy confers discretionary authority upon the named proxyholder with respect to amendments to or variations in matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Meeting.** At the date of this Information Circular, management is not aware of any amendments, variations, or other matters which might be brought before the Meeting. If such should occur, the persons designated by management will vote thereon in accordance with their best judgment, exercising discretionary authority.

## Non-Registered Holders

**Only shareholder whose name appears on the records of the Corporation as the registered holder of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the corporation are “non-registered” shareholders because the shares they own are not registered in their names but instead are registered in the name of a nominee such as a brokerage firm through which they purchased the shares; a bank, trust company, trustee or administrator of self-administered TFSA’s, RRSP’s, RRIF’s, RESP’s and similar plans; or a clearing agency such as The Canadian Depository for Securities Limited (a “Nominee”). If you purchased your shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policies, the Corporation has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order to ensure that your Shares are voted at the Meeting.

In addition, Canadian securities legislation now permits the Corporation to forward meeting materials directly to “non-objecting beneficial owners”. These materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding securities on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Nominee holding shares on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

## **Voting Securities and Principal Holders Thereof**

The voting securities of the Corporation consist of an unlimited number of common shares without par value. As at the date of this Information Circular, 55,121,266 common shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting. March 22, 2018 has been fixed in advance by the directors of the Corporation as the record date for the purpose of determining those shareholders entitled to receive notice of, and to vote at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, the following are the only persons who beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to the voting securities of the Corporation:

<b>Name</b>	<b>Number of Voting Securities</b>	<b>Percentage</b>
Northern Fox Copper Inc. <sup>1</sup>	33,283,264	60.38%

1. Northern Fox Copper Inc. is a wholly owned subsidiary of Copper Fox Metals Inc. a reporting issuer having its shares posted and called for trading on the TSX Venture Exchange. Elmer Stewart a director of the Corporation is also the sole director of Northern Fox Copper Inc.

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

For the purposes of this Information Circular, a Named Executive Officer (“Named Executive Officer” or “NEO”) of the Corporation means each of the following individuals:

- a) a Chief Executive Officer (“CEO”) of the Corporation;
- b) a Chief Financial Officer (“CFO”) of the Corporation;
- c) each of the Corporation’s three most highly compensated executive officers including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for the October 31, 2017 financial year; and
- d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity at October 31, 2017.

**Jevin Werbes**, President and CEO of the Corporation and **Braden Jensen, CPA.**, the CFO of the Corporation are the Named Executive Officers of the Corporation. Matthew Wright is a past named Executive Officer of the Corporation.

### **Compensation Discussion and Analysis**

This compensation discussion and analysis describes and explains the Corporation’s current policies and practices with respect to compensation paid or that will be paid to each of its Named Executive Officers.

Past guidelines adopted by the Corporation in establishing appropriate executive compensation for the Named Executive Officers have adopted the principal that the amount of executive compensation should be based on the need to adopt a compensation package that would allow the Corporation to attract and retain qualified and experienced executives (when required) willing to assume any and all responsibilities required by the Corporation in order to maintain its day to day operations and fulfill administrative responsibilities.

The policies adopted by the Corporation are summarized under Corporate Governance the “Compensation Committee”.

The following table sets forth particulars concerning the compensation of Named Executive Officers for the Corporation’s previous three financial years:

### Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Option based awards (\$) <sup>1</sup>	Share based awards (\$)	Non-Equity incentive plan compensation (\$)			All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long Terms Incentive Plans (\$)	Pension Value (\$)		
Jevin Werbes CEO, President	2017	Nil	Nil	Nil	Nil	Nil	Nil	96,000 <sup>2</sup>	96,000 <sup>2</sup>
	2016	Nil	Nil	Nil	Nil	Nil	Nil	96,000 <sup>2</sup>	96,000 <sup>2</sup>
	2015	Nil	Nil	Nil	Nil	Nil	Nil	96,000 <sup>2</sup>	96,000 <sup>2</sup>
Braden Jensen <sup>5</sup> CFO	2017	Nil	Nil	Nil	Nil	Nil	Nil	28,000 <sup>7</sup>	28,000 <sup>7</sup>
	2016	Nil	Nil	Nil	Nil	Nil	Nil	27,220 <sup>7</sup>	27,220 <sup>7</sup>
	2015	Nil	7,630	Nil	Nil	Nil	Nil	6,300 <sup>3</sup>	13,930 <sup>3</sup>
Matthew G. Wright <sup>4</sup> Past CFO	2015	Nil	Nil	Nil	Nil	Nil	Nil	18,010	18,010 <sup>6</sup>
	2014	Nil	5,923	Nil	Nil	Nil	Nil	14,450	20,373

- 1) These stock options remain unexercised.
- 2) Paid to Calico Management Corp., a Company 100% beneficially owned and controlled by Jevin Werbes, President and CEO of the Corporation.
- 3) For the 3 month period ending Oct, 31, 2015 paid to 1010312 BC Ltd., a Company 100% beneficially owned and controlled by Braden Jensen.
- 4) Matthew G. Wright resigned as CFO of the Corporation on August 10, 2015.
- 5) Braden Jensen was appointed CFO of the Corporation on August 10, 2015.
- 6) For the 10 months ending Aug 31, 2015.
- 7) Paid to 1010312 BC Ltd., a Company 100% beneficially owned and controlled by Braden Jensen, CFO of the Corporation.

### Narrative Discussion

Executive officers are also entitled to participate in incentive stock options granted by the Corporation. For additional information with respect to incentive stock options granted to executive officers, please refer to the heading "Incentive Plan Awards" below.

### INCENTIVE PLAN AWARDS

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

The following table presents information concerning all outstanding option-based awards and share based awards held by each NEO at the end of the October 31, 2017 financial year:

Name and principal position	Option Based Awards				Share Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in the money options (\$)	Number of shares or units of shares that have not vested	Market of payout value of share based awards that have not vested (\$)
Jevin Werbes CEO, President	500,000	0.14	July 9, 2019	Nil	Nil	Nil
Braden Jensen CFO	125,000	0.10	October 16, 2020	Nil	Nil	Nil

## Narrative Discussion

Stock Options are normally granted to director and key employees as an incentive for efforts to be expended on behalf of the Corporation in securing mining ventures, business opportunities, financings and in administering the Corporation for the benefit of all shareholders. During the fiscal year ending October 31, 2017 the Corporation did not grant options to Directors or key employees of the Corporation.

## Incentive Plan Awards – Value Vested or Earned during the year

The following table sets out the awards value vested or earned under incentive plans during the year ended October 31, 2017 for each NEO:

Name	Option-based awards Value vested during the year (\$)	Share-based awards Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year
<b>Jevin Werbes</b> CEO, President	Nil	Nil	Nil
<b>Braden Jensen</b> CFO	Nil	Nil	Nil

## Pension

The Corporation does not have a pension plan under which benefits are determined primarily by final compensation (or average final compensation) and years of service.

## Termination and Change of Control Benefits

The compensation plan(s) or arrangement(s), with respect to the Named Executive Officers resulting from the resignation, retirement or any other termination of the officer's employment with the Corporation or from a change of control of the Corporation or a change in the Named Executive Officer's responsibilities following a change in control are set out in consulting agreements entered into between:

1. the Corporation and Calico Management Corp. (the "Calico") a Company 100% beneficially owned by Jevin Werbes. The consulting agreement provides that it can be terminated by Calico by giving 90 days written notice to the Corporation and by the Corporation delivering twelve months written notice to Calico after the expiry of the initial term; and
2. the Corporation and 1010312 BC Ltd. (the "Consultant") a Company 100% beneficially owned by Braden Jensen. The consulting agreement provides that it can be terminated by either the Corporation or the Consultant with 30 days written notice. In the event of termination without cause the Consultant is entitled to a two month break fee.

## **DIRECTOR COMPENSATION**

The Corporation has no standard arrangement pursuant to which directors are compensated by the Corporation for their services in their capacity as directors other than for the directors to possibly benefit from the grant of Incentive Options on unissued treasury shares reserved for the grant of directors' stock options under the Corporation's stock option plan. There has been no other arrangement pursuant to which directors were compensated by the Corporation in their capacity as directors during the Corporation's financial year ended October 31, 2017.

The following table sets forth the details of compensation provided to the directors, other than Named Executive Officers, during the Corporation's most recently completed financial year:

Name	Fees Earned (\$)	Share based awards	Option based awards (\$)	Non Equity Incentive Plan Compensation	Pension Value (\$)	All Other Compensation (\$) <sup>1</sup>	Total (\$) <sup>1</sup>
Elmer Stewart	Nil	Nil	Nil	Nil	Nil	18,000	18,000
Chris Healey	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Smith	Nil	Nil	Nil	Nil	Nil	2,000	2,000
Hrayr Agnerian	Nil	Nil	Nil	Nil	Nil	Nil	Nil

1) For services rendered to the Corporation by the recipients offering services in each of their professional capacities.

### Outstanding Option and Share based awards

The following table sets out all option based awards and share based awards outstanding as at October 31, 2017, for each director, excluding a director who is already set out in disclosure for an NEO for the Corporation:

Name	Option Based Awards				Share Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in the money options (\$)	Number of shares or units of shares that have not vested	Market of payout value of share based awards that have not vested (\$)
Elmer Stewart	350,000	0.14	July 9, 2019	Nil	Nil	Nil
Chris Healey	300,000	0.14	July 9, 2019	Nil	Nil	Nil
Michael Smith	325,000	0.10	April 29, 2020	Nil	Nil	Nil
Hrayr Agnerian	100,000	0.14	July 9, 2019	Nil	Nil	Nil

### Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended October 31, 2017, for each director, excluding a director who is already set out in disclosure for an NEO for the Corporation:

Name	Option based awards Value vested during the year (\$)	Share based awards Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Chris Healey	Nil	Nil	Nil
Hrayr Agnerian	Nil	Nil	Nil
Elmer Stewart	Nil	Nil	Nil
Michael Smith	Nil	Nil	Nil



**EQUITY COMPENSATION PLAN INFORMATION AS AT OCTOBER 31, 2017**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options (a)</b>	<b>Weighted-average exercise price of outstanding options (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 securityholders	2,350,000	\$0.12	2,737,261
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>2,350,000</b>	<b>\$0.12</b>	<b>2,737,261</b>

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**APPOINTMENT OF AUDITORS**

The persons named in the enclosed instrument of proxy intend to vote for the appointment of **Davidson & Company, Chartered Accountants** as the Corporation's auditors to serve until the next Annual General Meeting of Shareholders of the Corporation at remuneration to be fixed by the board of directors.

**ELECTION OF DIRECTORS**

The persons named in the following table are management's nominees to the board. Each director elected will hold office until the next Annual General Meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the articles of the Corporation or unless he or she becomes disqualified to act as a director.

<b>Name and Province of Nominee and Present Position with Corporation</b>	<b>Principal Occupation</b>	<b>Period From Which Nominee Has Been Director</b>	<b>Number of Approximate Voting Securities<sup>1</sup></b>
<b>Jevin Werbes<sup>2,4</sup></b> North Vancouver, BC President, CEO and Director	President of Calico Management Corp., Past Director & Chairman of Cobalt Power Group Inc.	October 15, 2010	225,433
<b>Elmer Stewart<sup>2</sup></b> Calgary, AB	Chairman & President/CEO of Copper Fox Metals Inc.	March 28, 2014	33,283,264 <sup>3</sup> indirect
<b>Chris M. Healey<sup>2,4</sup></b> Nanaimo, BC	Owner of Healex Consulting Ltd., Director of Cobalt Power Group Inc., Past Director & President of Rainmaker Resources Ltd.	May 31, 2010	120,000
<b>James Michael Smith<sup>2,4</sup></b> Calgary, AB	President & Director of Bay Fortune Resources Inc., Director of Copper Fox Metals Inc.	April 29, 2015	Nil
<b>Hrayr Agnerian, P.Geo</b> North York, ON	President of Agnerian Consulting Ltd.	February 4, 2011	35,000

- 1) Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.
- 2) Members of the 2017 Audit Committee.
- 3) Through Northern Fox Copper Inc. a wholly owned subsidiary of Copper Fox Metals Inc. a reporting issuer having its shares posted and called for trading on the TSX Venture Exchange. Elmer Stewart a director of the Corporation is also the sole director of Northern Fox Copper Inc.
- 4) Members of the 2017 Compensation Committee

## Corporate Cease Trade Orders or Bankruptcies

None of the proposed directors of the Corporation:

- a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company including the Corporation. That:
  - (i) was the subject of an order which that person was acting in the capacity as director, executive officer or chief financial officer; or;
  - (ii) was the subject of an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer in the Corporation which resulted from an event that occurred while that person was acting in the capacity as director, executive officer or chief financial officer; or
- b) is as at the date of this Information Circular or has been within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual;
- c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- d) has been subject to 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.

## STOCK OPTIONS

The TSX Venture Exchange (the "Exchange") requires that every company implement a stock option plan to govern the grant and exercise of incentive stock options for directors, employees and consultants. As such, the directors of the Corporation proposed a "rolling" stock option plan (the "Plan") whereby a maximum number equal to 10% of the issued shares of the Corporation may from time to time, may be reserved for issuance under the Plan.

The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years (or ten years if the Corporation is reclassified by the Exchange as a Tier 1 Issuer). The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the closing price of the Corporation's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the Exchange. No vesting requirements will apply to options granted thereunder, however a four month hold period will apply to all shares issued under each option, commencing from the date of grant.

The Plan will contain the following other provisions:

- all options will be non-transferable;
- no more than 5% of the issued shares may be granted to any one individual in any 12 month period;
- no more than 2% of the issued shares may be granted to a consultant, or any employee performing investor relations activities, in any 12 month period;
- disinterested shareholder approval must be obtained if:
  - (i) a stock option plan, together with all of the Issuer's previously established and outstanding stock option plans or grants, could result at any time in:
    - (a) the number of shares reserved for issuance under stock options granted to Insiders exceeding 10% of the issued shares;

- (b) the grant to Insiders, within a 12 month period, of a number of options exceeding 10% of the issued shares, or
  - (c) the issuance to any one Optionee, within a 12 month period, of a number of shares exceeding 5% of the issued shares; or
- (ii) the Issuer is decreasing the exercise price of stock options previously granted to Insiders.
- options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Corporation's common shares.

The Plan is subject to receipt of Exchange acceptance to its filing.

**Reference should be made to the full text of the Plan which will be made available at the Registered and Records office of the Corporation at 217-179 Davie St, Vancouver BC V6Z 2Y1 until the business day immediately preceding the date of the Meeting.**

Shareholders will be asked to consider, and if thought fit to approve a resolution approving the Plan.

### **INDEBTEDNESS TO CORPORATION OF DIRECTORS AND SENIOR OFFICERS**

None of the directors or senior officers of the Corporation have been indebted to the Corporation during the financial years ended October 31, 2016 or October 31, 2017.

### **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

The directors and officers of the Corporation have an interest in the resolutions concerning the election of directors and stock options. Otherwise no director or senior officer of the Corporation or any associate of the foregoing has any substantial interest, direct or indirect, by way of beneficial ownership of shares or otherwise in the matters to be acted upon at the Meeting, except for any interest arising from the ownership of shares of the Corporation where the shareholder will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of shares in the capital of the Corporation.

### **MANAGEMENT CONTRACTS**

1. On September 1, 2014 the Corporation entered into a consulting agreement with Calico Management Corp. a company controlled and 100% beneficially owned by Jevin Werbes. The agreement is for a minimum term of twenty four months. Pursuant to the agreement Calico is to receive \$8,000 per month during the term of the agreement. The agreement can be terminated by Calico by giving 90 days written notice to the Corporation and by the Corporation by delivering twelve months written notice to Calico after expiry of the initial term.
2. On August 10, 2015 the Corporation entered into a consulting agreement with 1010312 BC Ltd. (the "Consultant") a Company 100% beneficially owned by Braden Jensen the current CFO of the Corporation. The consulting agreement provides for payment of \$2,100 CDN for the first 6 month period and thereafter \$2,333 CDN per month. The contract may be terminated by either the Corporation or the consultant with 30 days written notice. In the event of termination without cause the Consultant is entitled to a two month break fee.

## **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders and takes into account the role of the individual member of management who are appointed by the Board and who are charged with the day to day management of the Corporation.

The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation's practices comply with the guidelines however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices, which disclosure is set out below.

### **Board of Directors**

#### **Independence of Members of Board**

The Board is currently composed of 5 Directors. Three of the Directors being **Chris M. Healey, Michael Smith** and **Hrayr Agnerian** are independent. **Elmer Stewart** and **Jevin Werbes** are not independent as they are Chairman of the Board and President & CEO.

#### **Management Supervision by Board**

The operations of the Corporation and its current finances do not support a large board of directors and the Board has determined that the current constitution of the Board is appropriate for the Corporation at its current stage of development. Independent supervision of management is accomplished by choosing management that demonstrates a high level of integrity and ability and a slate of strong independent Board members.

#### **Participation of Directors in other Reporting Issuers**

The following directors of the Corporation presently hold directorships in other reporting issuers as set out below.

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Exchange</b>	<b>Position</b>	<b>From</b>	<b>To</b>
<b>Jevin Werbes</b>	Cobalt Power Group Inc.	TSX.V	Director	February 1, 2016	February 15, 2018
<b>Elmer Stewart</b>	Copper Fox Metals Inc.	TSX.V	Director	September, 2004	Present
<b>Chris Healey</b>	Cobalt Power Group Inc.	TSX.V	Director	Sept, 2011	Present
	Rainmaker Resources Ltd.	TSX.V	Director	October, 2013	December 10, 2017
<b>Michael Smith</b>	Copper Fox Metals Inc.	TSX.V	Director	February 27, 2004	Present

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

While the Corporation does not have formal orientation and training programs, new Board members are provided with:

- a) information respecting the functioning of the Board, committees and copies of the Corporation's corporate governance policies;

- b) access to recent, publicly filed documents of the Corporation; and
- c) access to management.

Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

## **Ethical Business Conduct**

The Board views good corporate governance and ethical business conduct as an integral component to the success of the Corporation and to fulfill its obligation to its shareholders. Due to the size of the Corporation and its present level of activity, the Corporation has found it unnecessary to adopt a Code of Conduct.

## **Nomination of Directors**

The Board has assumed responsibility for identifying potential Board candidates. The Board assesses potential candidates to fill the need of the Corporation based on the sector the Corporation is currently engaged in and seeks to locate nominees with the skills, expertise, independence and other factors complementary to the Corporation's present Canadian mining activities.

## **Compensation of Directors and the CEO and CFO**

The independent directors are **Michael Smith, Chris Healey and Hrayr Agnerian**. Independent directors have the responsibility for determining annual compensation for the directors and senior management.

To determine compensation payable, the independent directors review compensation paid for directors, CEO's and CFO's of companies of similar size and stage of development and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In settling the compensation the independent directors annually review the performance of CEO and CFO in light of the Corporation's objectives and consider other factors that may have an impact on the success of the Corporation in achieving its objectives.

## **Board Committees**

As the directors are actively involved in the operations of the Corporation, the size of the Corporation's operations does not warrant a larger board of directors. The Corporation has an Audit and Compensation Committee.

## **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its Audit Committee to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors, and reports from the Audit Committee respecting its own effectiveness. As part of the assessments, the Board or the committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## **Mandate of the Board**

The mandate of the Board, as prescribed by the Canada Business Corporations Act is to manage or supervise the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing major strategic initiatives to ensure that the Corporation's proposed actions accord with shareholder objectives; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Corporation's capital resources.

## Meetings of the Board

Board meetings are called to deal with special matters as circumstances require. The Board met 4 times formally during 2017, and met informally on numerous occasions to review and consider the Corporation's exploration project and the financial condition of the Corporation. Most matters requiring approval of the Board are approved by circulating consent resolutions for the Board's signature.

## Compensation Committee

A Compensation Committee is comprised of the following directors of the Corporation: **Chris M. Healey, Jevin Werbes** and **Michael Smith**. The Compensation Committee met one time formally during the 2017 year.

A Compensation Committee is expected to follow the following tentative guidelines:

### *a) Philosophy and Objectives*

The compensation program for senior management of the Corporation has been designed to ensure that the level and form of compensation achieves certain objectives, including:

- i. attracting and retaining talented, qualified and effective executives;
- ii. motivating the short and long term performances of these executives; and
- iii. better aligning their interests with those of the Corporation's shareholders.

In compensating its senior management, the Corporation employs a compensation package which includes any of a base salary, bonus compensation and equity participation through its stock option plan or all such forms of compensation.

### *b) Base Salary*

In the view of the Corporation, paying base salaries which are competitive in the markets in which the Corporation operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on companies earning comparative revenues in a similar industry is compiled from a variety of sources, including published surveys derived from national and international publications.

### *c) Long Term Compensation*

The Corporation has no long-term incentive plans other than its incentive stock option plan (the "Plan"). The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Compensation Committee believes that the Plan aligns the interests of senior management with shareholders by linking a component of executive compensation to the longer term performance of the Corporation's Common Shares.

Options annually will be recommended by the Compensation Committee. In monitoring or adjusting the option allotments, the Compensation Committee takes into account the level of options granted for similar levels of responsibility and considers each member of senior management or employee based on reports received by managements own observations on individual performance (where possible) and management assessment of individual contribution to shareholder value, previous options grants and the objectives set for the parties being compensated. The scale of options will generally be commensurate with 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 Compensation Committee also makes the following determinations:

- The NEO's and others who are entitled 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;
- The date on which each option is granted;
- The vesting period, if any, for each stock option; and
- The other material terms and conditions of each stock option grant.

The Compensation Committee makes these determinations subject to and in accordance with the provisions of the Plan. The Board reviews and approves grants of options on an annual basis.

All of the NEO's are entitled to participate in the Corporation's Plan.

*d) Cash Incentive Compensation*

The Corporation's primary objective is to aim to achieve certain strategic objectives and milestones. The Corporation may approve executive bonus compensation dependent upon the Corporation meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. There were no bonuses paid to any of the Named Executive Officers during the most recently completed fiscal year.

*e) Equity Participation*

The Corporation believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Corporation's stock option plan. Stock options are granted to senior executives taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options are generally granted to senior executives which vest immediately.

Given the evolving nature of the Corporation's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

*f) Compensation of the Named Executive Officers*

The compensation of each of the Named Executive Officers is approved annually by the Board. Base cash compensation and variable cash compensation levels will take into consideration market survey data provided to the Board by independent consultants.

*g) Actions, Decisions or Policies made after October, 2017*

Given the evolving nature of the Corporation's business, the Corporation continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

This Compensation Discussion and Analysis was completed by the Board of the Corporation.

## Audit Committee

A summary of responsibilities and activities and the membership of the audit committee (the “**Audit Committee**”) is also set out below.

### The Audit Committee’s Charter

#### *Mandate*

The primary function of the audit committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation’s systems of internal controls regarding finance and accounting and the Corporation’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- i. Serve as an independent and objective party to monitor the Corporation’s financial reporting and internal control system and review the Corporation’s financial statements;
- ii. Review and appraise the performance of the Corporation’s external auditors; and
- iii. Provide an open avenue of communication among the Corporation’s auditors, financial and senior management and the Board of Directors.

#### *Composition*

The Committee shall be comprised of three Directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Corporation’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation’s financial statements.

The following are the members of the Audit Committee:

Jevin Werbes	Non-Independent <sup>1</sup>	Financially literate <sup>1</sup>
Elmer Stewart	Non-Independent <sup>1</sup>	Financially literate <sup>1</sup>
Chris Healey	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Michael Smith, Chairman	Independent <sup>1</sup>	Financially literate <sup>1</sup>

1) As defined by National Instrument 52-110 (“NI 52-110”)

The members of the Committee shall be elected by the Board of Directors at its first meeting following the Annual General Shareholder’s meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.



### *Relevant education and experience*

See the disclosure under "Election of Directors". All members of the Audit Committee have:

- a) an understanding of the accounting principles used the Corporation to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- b) Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breath and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- c) an understanding of internal controls and procedures for financial reporting.

### *Meetings*

The Committee shall meet at least annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the external auditors. The committee met 4 times formally during the 2017 year.

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall with respect to each of the following:

#### Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

- (f) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- (g) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto.

#### Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.

#### Other

Review any related-party transactions.

#### *Audit Committee Oversight*

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the committee to nominate or compensate an external auditor not adopted by the Board of Directors.

#### *Reliance on Certain Exemptions*

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

### *External Auditor Service Fees (By Category)*

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

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
Oct 31, 2017	\$15,300	Nil	\$2,500	Nil
Oct 31, 2016	\$15,000	Nil	\$2,500	Nil
Oct 31, 2015	\$14,335	Nil	\$2,500	Nil

### **Other Matters**

Management knows of no other matters to come before the Meeting of shareholders other than referred to in the notice of Meeting. However, if any other matters which are not known to the management of the Corporation shall properly come before the said Meeting, the form of proxy given pursuant to the solicitation by management of the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

### **Additional Information**

Additional information relating to the Corporation is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Corporation at 142-1146 Pacific Blvd. Vancouver, BC V6Z 2X7 to request copies of the Corporation's financial statements and MD&A.

Financial information is provided in the Corporation's comparative Audited Annual Financial Statements and MD&A for its most recently completed financial year which are filed on SEDAR.

Dated this 22<sup>th</sup> day of March, 2018.

**APPROVED BY THE BOARD OF DIRECTORS  
OF CARMAX MINING CORP.**

*"Jevin Werbes"*

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**JEVIN WERBES, PRESIDENT AND CEO**