



OUTCROP
SILVER & **GOLD**

OUTCROP SILVER & GOLD CORPORATION
Information Circular
Annual General & Special Meeting of Shareholders
On March 13, 2024

TABLE OF CONTENTS

Notice of Annual General & Special Meeting of Shareholders of Outcrop Silver & Gold Corporation

MANAGEMENT INFORMATION CIRCULAR

PART ONE – GENERAL PROXY INFORMATION..... Page 3

PART TWO – PARTICULARS OF MATTERS TO BE ACTED UPON..... Page 6

- Presentation of Financial Statements
- Election of Directors
- Appointment and Remuneration of Auditors
- Approval of Security Based Compensation/Stock Option Plan

PART THREE – OTHER BUSINESS Page 11

- Definitions
- Statement of Executive Compensation
- Securities Authorized for Issuance Under Equity Compensation Plans
- Indebtedness of Directors and Executive Officers
- Interest of Informed Persons in Material Transactions
- Management Contracts
- Corporate Governance
- Audit Committee

SCHEDULE “A” – AUDIT COMMITTEE DISCLOSURE

OUTCROP SILVER & GOLD CORPORATION

905 – 1111 W Hastings Street
Vancouver, BC V6E 2J3

MANAGEMENT INFORMATION CIRCULAR

as at February 7, 2024

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by management of Outcrop Silver & Gold Corporation (the “Company”) for use at the annual general meeting (the “Meeting”) of shareholders of the Company (the “Shareholders”) to be held on March 13, 2024 and any adjournment thereof, for the purposes set forth in the attached Notice of Annual General Meeting. Except where otherwise indicated, the information contained herein is stated as of February 7, 2024.

In this Information Circular, references to the “Company” and “we” refer to Outcrop Silver & Gold Corporation. “Common Shares” means common shares without par value in the capital of the Company. “Registered Shareholders” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “Non-Registered Shareholders” means Shareholders who do not hold Common Shares in their own name. “Intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

PART ONE - GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners) under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the “Proxy”) are officers or directors of the Company. **If you are a Registered Shareholder, you have the right to attend the meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting.** You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy. If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

- 1) completing, dating and signing the enclosed form of proxy and returning it to Olympia Trust Company by fax (403) 668-8307, by email at proxy@olympiatrust.com or by mail at PO Box 128, STN M, Calgary, AB T2P 2H6, Attn: Proxy Dept.; or

- 2) using the internet through the website of Olympia Trust Company at <https://css.olympiatrust.com/pxlogin> . Registered shareholders must follow the instructions that appear on the screen and refer to the enclosed form of proxy for the 12-digit control number.

You should ensure that the Proxy is received at least 48 hours before the Meeting or the adjournment thereof at which the Proxy is to be used.

Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders 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. If you are a Non-Registered Shareholder, see “Voting by Non-Registered Shareholders” below for further information on how to vote your Common Shares.

Exercise of Discretion by Proxyholder

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

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein;
- (iii) any other matter that properly comes before the Meeting; and
- (iv) exercise of discretion of the proxyholder.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter. Management is not currently aware of any other matters that could come before the Meeting.

Voting by Non-Registered Shareholders

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

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

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Olympia Trust Company or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Olympia Trust Company or Broadridge will name the same persons as the Company’s proxy to represent you at the Meeting. Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity. To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

If you receive a voting instruction form from Olympia Trust Company or Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.

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

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and as set out herein. For the purpose of this paragraph, “person” shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company’s last financial year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

RECORD DATE AND QUORUM

The board of directors (the “**Board**”) of the Company has fixed the record date for the Meeting as the close of business on February 7, 2024 (the “**Record Date**”). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Company’s articles, the quorum for the transaction of business at a meeting of Shareholders is one person who is a Shareholder, or who is otherwise permitted to vote Common Shares of the Company at a meeting of Shareholders, present in person or by Proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On the Record Date, there were **254,314,136** Common Shares issued and outstanding, with each Common Share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by Proxy at the Meeting or any adjournment thereof.

To the knowledge of the Directors and Senior Officers of the Company, as of the Record Date, the following beneficially own, or control or direct, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Company:

Name of Shareholder	Number of common shares	Percentage of Issued and Outstanding
Eric Sprott	31,042,800 ¹	12.2%

PART TWO - PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and more particularly discussed below.

Presentation Of Financial Statements

The annual consolidated financial statements of the Company for the financial year ended August 31, 2023, together with the auditor's report thereon, will be placed before the Meeting. The Company's financial statements are available on the System of Electronic Document Analysis and Retrieval (SEDAR) website at <https://www.sedarplus.ca/landingpage/> and you may receive a copy of the financial statements free of charge by phoning the Company at +1-604-638-2545 and providing your mailing address.

ELECTION OF DIRECTORS

The Company proposes to fix the number of directors of the Company at six (6) and to nominate the persons listed below for election as directors. Each director will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. If, prior to the Meeting, any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the Proxy as nominee to vote the Common Shares represented by Proxy for the election of any other person or persons as directors.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares which each beneficially owns or over which control or direction is exercised.

Name, Residence and Present Position within the Company	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised	Principal Occupation (for the last 5 years)
Joseph Hebert Florida, United States <i>Director</i>	January 21, 2014	1,876,160 ²	CEO, Outcrop Silver & Gold Corporation

¹ Eric Sprott owns these shares through 2176423 Ontario Ltd. which he controls and also beneficially owns or controls 17,400,000 share purchase warrants.

² Mr. Hebert also exercises control or direction over 1,274,760 warrants.

Name, Residence and Present Position within the Company	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised	Principal Occupation (for the last 5 years)
Kevin Nishi ^(*) British Columbia, Canada <i>Director</i>	February 16, 2015	100,000	Partner, Smythe LLP
Ian Slater British Columbia, Canada <i>Executive Chairman</i>	January 24, 2020	23,985,000	Chairman of Slater Group
Jay Sujir ^(*) British Columbia, Canada <i>Director</i>	January 23, 2020	100,000	Partner, Farris LLP
Ana Milena Vásquez ^(*) Bogota, Colombia <i>Director</i>	October 17, 2022	Nil	CEO
Ian Harris Medellin, Colombia <i>CEO & Director</i>	July 13, 2023	50,000	CEO, Libero Copper & Gold Corporation

Note: (*) designates a member of the Audit Committee. Kevin Nishi is Chair of Audit Committee.

Except as otherwise disclosed below, to the knowledge of the Company, no proposed director of the Company is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

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

For the purposes of subsection (a) above, “order” means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for more than 30 consecutive days.

Jay Sujir and Ian Slater were on the board of directors and Ian Slater was an officer of Red Eagle Mining Corporation which is subject to a cease-trade order issued by the British Columbia Securities Commission on November 20, 2018 for failure to file interim financial statements, management’s discussion and analysis, and certification of interim filings for the period ended September 30, 2018.

Except as otherwise disclosed below, to the knowledge of the Company, no proposed director of the Company:

- (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 or executive officer of any company (including the Company) that, while that person was acting in the that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, 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, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or executive officer;
- (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 securityholder in deciding whether to vote for a proposed director.

Jay Sujir and Ian Slater were on the board of directors and Ian Slater was an officer of Red Eagle Mining Corporation (the “Red Eagle”) which owned and operated the Santa Rosa mine in Colombia. Due to start up issues Red Eagle had difficulty servicing its project debt and the mine was only able to commence commercial production on the basis of forbearances from the secured lenders. In August 2018, Red Eagle obtained a firm commitment from a third party to refinance the debt with substantial concessions and co-operation from the secured lenders, but in October 2018 the third party defaulted on its commitment and as a result, the secured lenders withdrew their forbearances and appointed a receiver-manager over the assets of Red Eagle.

APPOINTMENT OF AUDITOR

Management is recommending that Shareholders vote to appoint Davidson & Company LLP of 1200 - 609 Granville Street, Vancouver, BC, V7Y 1G6, as the Company’s auditor and to authorize the directors to fix their remuneration. Davidson & Company LLP were appointed the auditors for the Company on February 9, 2011.

Unless contrary instructions are indicated on the proxy form or the voting instruction card, the persons designated in the accompanying form of proxy or voting instructions card intend to vote FOR the appointment of Davidson & Company LLP and to authorize the Board of Directors to fix their remuneration.

APPROVAL OF ROLLING SECURITY BASED COMPENSATION PLAN

The Company has a “rolling” Stock Option Plan (the “**Option Plan**”) pursuant to which the Board of Directors of the Company may, by resolution, grant options to directors, officers and employees of, and consultants to, the Company or its subsidiaries. The purpose of the Option Plan is to provide effective long-term incentives to such parties in order to align their interests with those of Shareholders.

The Company’s “rolling” Option Plan was adopted by its Shareholders on May 18, 2022 at the Company’s 2022 Annual General Meeting, when the Shareholders passed an Ordinary Resolution approving the Company’s Option Plan. Pursuant to Policy 4.4 – *Share Based Compensation Plans* of the TSX Venture Exchange (the “**TSX-V**”), all share based compensation plans that reserve for issuance up to 10% (instead of a fixed number) of a listed company’s Shares need to be approved by its shareholders on an annual basis. The rules of the TSX-V require that the share based compensation plan be approved by an Ordinary Resolution passed by a majority of the votes cast by holder of Shares of the Company present or represented by proxy at the Meeting. At the Meeting, the Shareholders of the Company will be asked to vote to approve the 10% “rolling” stock option plan.

Summary of the Rolling Option Plan

The exercise price of options is determined by the Company’s Board at the moment of the grant and may not be lower than the Discounted Market Price as calculated pursuant to the policies of the TSX-V, or such other minimum price as may be required or permitted by the TSX-V. The aggregate number of Common Shares reserved for issuance pursuant to the exercise of Options may not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, less the aggregate number of Common Shares then reserved for issuance pursuant to any other share compensation arrangement. For the purposes of the Option Plan, an “other share compensation arrangement” includes any stock option plan, employee stock purchase plan, RSU plan, DSU plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise. The maximum period during which an

option can be exercised is ten (10) years from the date of grant. Each option is personal to the optionee and may not be sold or transferred except by inheritance.

The Option Plan provides that if an Eligible Person (as defined in the Option Plan) (a) is terminated for cause, each option held by such person shall terminate and therefore cease to be exercisable upon such termination for cause (b) dies, each option held by such person shall be exercisable by the heirs or administrators of such optionee and will expire after the earlier of (i) the expiry date therefor; or (ii) six (6) months after the date of such optionee's death; and (c) ceases to be an Eligible Person other than in the circumstances set out in subsection (a) or (b) above, each option held by such person shall terminate and shall therefore cease to be exercisable no later than the earlier of the expiry date therefor and the date which is 30 days after such event (provided that the Board may extend such period as provided under the Option Plan). At no time may an optionee exercise its rights beyond the maximum period of ten (10) years from the date of grant.

The Option Plan includes the following restrictions on Grants and Exercise of Options.

- (a) The number of Options granted to any one person in any 12-month period under the Option Plan and any other share compensation arrangement shall not exceed 5% of the issued Common Shares at the time of the grant, unless the Company has obtained disinterested shareholder approval (as defined in the Option Plan) to exceed such limit.
- (b) The aggregate number of Options granted to any one consultant in any 12-month period under the Option Plan and any other share compensation arrangement shall not exceed 2% of the issued Common Shares at the time of the grant.
- (c) The aggregate value of Options granted to any one non-executive director in any 12-month period under the Option Plan:
 - i. shall not exceed \$100,000, at the time of the grant; and
 - ii. together with the aggregate value of awards to such non-executive under any other share compensation arrangement, shall not exceed \$150,000 at the time of the grant.
- (d) Unless the Company has received disinterested shareholder approval to do so:
 - i. the aggregate number of Common Shares reserved for issuance to Insiders under the Option Plan and any other share compensation arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant;
 - ii. the aggregate number of Common Shares issued to Insiders in any 12-month period under this Plan and any other share compensation arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant.

The Board has adopted provisions including a Cashless Exercise, and a Net Exercise provision, each as defined in the Option Plan.

The Plan must be approved by the shareholders on a yearly basis at the annual general meeting.

Options granted to Investor Relations Service Providers must vest in stages over 12 months or more, and they may not receive any compensation involving the issuance or potential issuance of Common Shares, other than Options.

The Option Plan allows for Cashless Exercise, as defined in the Option Plan, excluding Stock Options granted to Investor Relations Service Providers, as either a "net exercise" procedure in which the Company issues to the optionee Common Shares equal to the number determined by dividing the product of the number of Stock Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares, or a broker assisted "cashless exercise" in which the Company delivers a copy of irrevocable instructions to the broker to sell Common Shares and deliver promptly to the Company an amount equal to the aggregate exercise price together with the amount necessary to satisfy any applicable tax withholding or remittance obligations under applicable laws.

The Board may amend any Option with the consent of the affected optionee and the TSX-V, including any shareholder approval required by the TSX-V. In accordance with the requirements of the TSX-V, disinterested Shareholder approval shall be obtained for any amendment that results in:

- (a) any reduction in the exercise price of an Option if the Optionee is an insider at the time of the amendment;
- (b) any cancellation and reissuance of an Option;
- (c) an increase in the maximum number of Shares issuable pursuant to the Option Plan (other than pursuant to Section 2 of the Option Plan);
- (d) an extension of the Expiry Date for Options if the Optionee is an Insider at the time of the proposed extension;
- (e) any benefit to an Insider; and other types of compensation through Common Share issuance;
- (f) the addition of additional categories of Eligible Persons;
- (g) the method for determining the exercise price of an Option;
- (h) the maximum term of an Option;
- (i) the expiry and termination provisions applicable to an Option, including the addition of any blackout period; and
- (j) any amendments to this Option Plan that will increase the Company's ability to amend the Option Plan without shareholder approval.

Other than amendments to fix typographical errors and clarify existing provisions, shareholder approval shall be obtained in accordance with the requirements of the TSX-V including without limitation, any amendment that results in;

- a) any cancellation and reissuance of a Stock Option;
- b) the addition of additional categories of Eligible Person;
- c) an increase in the maximum number of Common Shares issuable pursuant to the Option Plan;
- d) the method for determining the exercise price of a Stock Option;
- e) the maximum term of a Stock Option;
- f) the expiry and termination provisions of a Stock Option, including the addition of a blackout period;
- g) any method or formula for calculating prices, values, or amounts under the Option Plan that may result in a benefit to an Optionee.

Shareholder Approval

The rules of the TSX-V require that the Option Plan be approved by an Ordinary Resolution passed by a majority of the votes cast by holders of Shares of the Company present or represented by proxy at the Meeting.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to pass, with or without variation, the Ordinary Resolution in the form set forth below:

"BE IT RESOLVED THAT AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS THAT:

1. Subject to the approval of the TSX Venture Exchange and any other regulatory approvals, if so required, the stock option plan as described in the Information Circular of the Company as dated February 7, 2024 and all unallocated entitlements issuable pursuant to the previous Option Plan are hereby approved and authorized for issuance; and
2. Any one Director or officer of the Company is authorized and directed on behalf of the Company to execute all documents and to do all such other acts and things as such Director or officer may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution."

Proxies received in favour of management will be voted for the approval of the stock option plan resolution unless a shareholder has specified in the proxy that their common shares are to be voted against such resolution.

PART THREE - OTHER BUSINESS

As of the date of this Information Circular, the management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

STATEMENT OF EXECUTIVE COMPENSATION

For the purposes of this statement of executive compensation:

“**CEO**” means the Company’s chief executive officer;

“**CFO**” means the Company’s chief financial officer;

“**Named Executive Officer**” or “**NEO**” means:

- (a) a CEO;
- (b) a CFO;
- (c) the most highly compensated executive officer, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

As at August 31, 2023, the end of the most recently completed financial year of the Company, the Company had two (2) NEOs: Joseph Hebert, former CEO, and Sunil Sharma, CFO whose names and positions held within the Company are set out in the summary compensation table below.

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Director and named executive officer compensation

The following table is a summary of compensation awarded to, earned by, paid to, or payable to each director and NEO of the Company for the two most recently completed financial years ended August 31, 2023 and August 31, 2022.

Table of compensation excluding compensation securities							
Name and position	Fiscal Year ended Aug 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Joseph Hebert ³ <i>Former CEO and Director</i>	2023	149,147	Nil	Nil	Nil	Nil	149,147
	2022	246,486	Nil	Nil	Nil	22,006	268,492
Sunil Sharma ⁴ <i>CFO</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Ian Slater ⁵ <i>Executive Chairman</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Kevin Nishi <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Jay Sujir <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Ana Milena Vásquez <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Ian Harris ⁶ <i>Director, CEO</i>	2023	17,000	Nil	Nil	Nil	Nil	17,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil

³ Mr. Hebert was appointed as a director of the Company effective as of January 21, 2014 and as CEO of the Company effective as of January 28, 2016. Mr. Hebert received no compensation for acting as a director. Mr. Hebert resigned as CEO on July 13, 2023. The annual salary was paid as \$188,000 USD. The 2022 amount uses an exchange rate of 1.3111 on August 31, 2022. The 2023 amount uses an exchange rate of 1.36 as of August 31, 2023.

⁴ Mr. Sharma was appointed as CFO on November 1, 2022. Costs were reimbursed to Slater Corporate Services Corporation.

⁵ Mr. Slater was appointed as Executive Chairman of the Board on January 24, 2020. Costs were reimbursed to Slater Corporate Services Corporation.

⁶ Ian Harris was appointed as director and CEO on July 13, 2023. The amount for 2023 represents 6 weeks of salary converted from USD at an exchange rate of 1.36 as of August 31, 2023.

External Management Companies

Management of the Company is performed by the executive officers of the Company. On November 9, 2021, the Company entered into a services agreement with Slater Corporate Services Corporation, replacing any prior agreements. Slater Corporate Services Corporation is controlled by Ian Slater, a director of the Company. Under the terms of the agreement, the Company reimburses a monthly fee for CFO, accounting, legal, IT, administration, office and corporate secretarial services, and agrees to also reimburse Slater Corporate Services Corporation for out-of-pocket costs including filing fees, couriers, postage, and phones. During fiscal 2023, the Company reimbursed a total of \$758,273 to Slater Corporate Services Corporation. During fiscal 2022, the Company reimbursed a total of \$513,118 to Slater Corporate Services Corporation. The agreement may be terminated by either party on 30 days' written notice.

Stock options and other compensation securities

The following compensation securities were granted or issued to NEOs and directors during the fiscal year ended August 31, 2023.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Ian Harris ⁷ <i>CEO and Director</i>	Stock options	2,000,000 (0.9%)	July 20, 2023	\$0.22	\$0.22	\$0.17	July 20, 2028
Joseph Hebert ⁸ <i>Former CEO and Director</i>	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Ian Slater ⁹ <i>Executive Chairman</i>	Stock options	1,000,000	July 20, 2023	\$0.22	\$0.22	\$0.17	July 20, 2028
Kevin Nishi ¹⁰ <i>Director</i>	Stock options	500,000	July 20, 2023	\$0.22	\$0.22	\$0.17	July 20, 2028
Jay Sujir ¹¹ <i>Director</i>	Stock options	500,000	July 20, 2023	\$0.22	\$0.22	\$0.17	July 20, 2028

⁷ Mr. Harris had 2,000,000 stock options at Aug 31, 2023.

⁸ Mr. Hebert had 4,900,000 stock options at Aug 31, 2023.

⁹ Mr. Slater had 3,100,000 stock options at Aug 31, 2023.

¹⁰ Mr. Nishi had 2,050,000 stock options at Aug 31, 2023.

¹¹ Mr. Sujir had 1,550,000 stock options at Aug 31, 2023.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Ana Milena ¹² Vásquez <i>Director</i>	Stock options	400,000	Oct 31, 2022	\$0.26	0.26	\$0.17	Oct 5, 2027
		500,000	July 20, 2023	\$0.22	\$0.22		July 20, 2028
Sunil Sharma ¹³ <i>CFO</i>	Stock options	500,000	Oct 5, 2022	\$0.25	\$0.25	\$0.17	Oct 5, 2027
		500,000	July 20, 2023	\$0.22	\$0.22		July 20, 2028

All stock options granted to directors and NEOs will vest 25% on the date of grant, and 25% quarterly thereafter, unless otherwise determined by the Board. No compensation securities were re-priced, cancelled and replaced, extended, or otherwise were materially modified during the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEOs

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Jay Sujir <i>Director</i>	Stock options	500,000	\$0.10	Dec 8, 2022	\$0.38	\$0.28	140,000

Employment, consulting and management agreements

Except as disclosed herein, the Company does not have any agreement or arrangement under which compensation was provided during the most recently completed financial period ended August 31, 2023 or is payable in respect of services provided to the Company that were performed by a director or a NEO, or performed by any other party but are services typically provided by a director or a NEO.

Ian Harris, the CEO for the Company, entered into a consulting agreement with the Company on July 13, 2023, pursuant to which Mr. Harris agreed to perform the duties of CEO of the Company in consideration of an annual salary of \$100,000 USD. This agreement may be terminated by either party on 30 days' notice.

Joseph Hebert, the former CEO for the Company, entered into an amended and restated employment agreement (the "**Hebert Agreement**") with the Company on January 28, 2016, pursuant to which Mr. Hebert agreed to perform the duties and fulfill the responsibilities consistent with the position held in consideration of an annual salary of US\$188,000,

¹² Ms. Vásquez had 900,000 stock options at Aug 31, 2023.

¹³ Sunil Sharma had 1,000,000 stock options at Aug 31, 2023.

plus health and fringe benefits of approximately US\$50,000 per year. Mr. Hebert's employment agreement was terminated pursuant to the terms of the Hebert Agreement when he resigned on July 13, 2023.

Oversight and description of director and named executive officer compensation

The compensation of directors is reviewed annually by the Board. The independent members of the Board approve the annual compensation levels, if any, for the directors. Currently, the Company has no standard arrangement pursuant to which directors are compensated for their services in their capacity as directors.

The objectives of the Company's executive compensation program are as follows:

- to attract, retain and motivate talented executives;
- to align the interests of the Company's executives with the interests of the shareholders;
- to reward executive officers based on their skill and experience level, the level of responsibility involved in their position, the individual's experience and qualifications;
- to reward executives for reinforcing the Company's business objectives and values, for achieving the Company's performance objectives, and for their individual performance; and
- to provide total compensation to executives that is competitive.

The Company aims to design executive compensation packages that are comparable to those for executives with similar talents, qualifications and responsibilities at companies with similar financial and operating characteristics. However, executive compensation is not evaluated against a list of companies or formal peer group.

The Company has implemented three levels of compensation. First, executive officers may be paid a monthly consulting fee or salary. Second, executive officers may be awarded long term incentives in the form of stock options. Finally, and only in special circumstances, cash or share bonuses for exceptional performance that results in a significant increase in shareholder value may be awarded at the discretion of the Board. The Company does not provide pension benefits to the executive officers or directors.

The base compensation of the executive officers is reviewed annually by the Board. The independent members of the Board approve the annual compensation levels for the executive officers. Management may make recommendations to the Board from time to time regarding stock based compensation to be made pursuant to the Plan. The Board may also make determinations regarding awarding bonuses, which are then approved by the independent members of the Board at their discretion. The Board does not have pre-existing performance criteria or objectives that it considers in setting compensation amounts.

See "*Statement of Executive Compensation - Director and named executive officer compensation*" above for a description of the compensation paid by the Company during the most recently completed financial period ended August 31, 2023. Compensation for the most recently completed financial period should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of the end of the Company’s most recently completed financial year ended August 31, 2023 with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuances under equity compensation plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (stock option plan)	21,900,000	\$0.23	0
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total:	21,900,000	\$0.23	0

The Company has a shareholder-approved rolling stock option plan that provides for the reservation for issuance of 10% of the Company’s issued and outstanding common shares to its directors, officers, employees, and consultants. The vesting terms of each stock option grant is determined by the Board of Directors at the time of the grant.

The Company also has an award plan (the “RSU/DSU Plan”) which permits the grant of restricted share units of the Company (“RSU’s”) and/or deferred share units of the Company (“DSU’s”) whereby the maximum number of common shares reserved for issue under the RSU/DSU Plan shall not exceed 16,014,600 common shares of the Company. In addition, the aggregate number of common shares issuable pursuant to the RSU/DSU Plan combined with all of the Company’s other securities-based compensation arrangements, including the Company’s Stock Option Plan, shall not exceed 10% of the Company’s outstanding shares. 37,500 DSUs have been issued to independent directors.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, proposed nominees for election as directors and their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries, is, as at the date of this Information Circular, or has been at any time during the most recently completed financial year, indebted to the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein or above, since the commencement of the Company’s most recently completed financial year, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than by the directors or executive officers of the Company or subsidiaries. See “Employment, consulting and management agreements” and “External Management Companies” above.

CORPORATE GOVERNANCE

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 members of management who are appointed by the Board and charged with the day to day management of the Company. The Canadian Securities Administrators (“CSA”) have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)* (“**NI 58-101**”), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Board of Directors

The composition of the Board currently consists of the following six members: Ian Harris, Joseph Hebert, Ian Slater, Jay Sujir, Ana Milena Vásquez, and Kevin Nishi. It is proposed that at the Meeting the following six individuals will be elected as member of the Board for the ensuing year: Ian Harris, Joseph Hebert, Kevin Nishi, Ian Slater, Ana Milena Vásquez, and Jay Sujir.

The Board consists of a majority of individuals who qualify as independent directors. For this purpose, a director is independent if he or she has no direct or indirect “material relationship” with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. Of the proposed nominees, Ian Harris, President and CEO, and Ian Slater, Executive Chairman, are considered to be non-independent directors.

Other Directorships

The following table sets forth the directors of the Company who are directors of other reporting issuers as at February 7, 2024:

Name of Director	Name of Reporting Issuer
Ian Slater	Libero Copper & Gold Corporation Audrey Capital Corporation
Jay Sujir	Audrey Capital Corporation Baltic I Acquisition Corp. Earthlabs Inc. Golden Lake Exploration Inc. Gotham Resource Corp. Intrepid Metals Corp. Karus Gold Corp. Kenorland Minerals Ltd. Kore Mining Ltd. Kraken Energy Corp. Kutcho Copper Corp. Libero Copper & Gold Corporation Vanadian Energy Corp.
Joseph Hebert	N/A
Kevin Nishi	Western Alaska Minerals Corp.
Ana Milena Vásquez	N/A
Ian Harris	Emperor Metals Inc. Gladiator Metals Corp. Libero Copper & Gold Corporation StrikePoint Gold Inc. Universal Copper Ltd.

Orientation and Continuing Education

Orientation of new members of the Board is conducted informally by Management and members of the Board. The Company has not adopted formal policies respecting continuing education for Board members.

Ethical Business Conduct

The Board has adopted a formal written Code of Business Ethics and Conduct for its directors, officers and employees. The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance objectives and goals. In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Code of Business Ethics and Conduct is posted on the Company's profile at www.SEDARplus.ca.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual general meeting. The Board takes into account the number of directors required to carry out the Board's duties effectively and to maintain diversity of views and experience.

The Board has not established a nominating committee and this function is currently performed by the Board as a whole.

Board Committees

The Board has no committees other than the Audit 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 committees 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 receives reports from the Audit Committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

AUDIT COMMITTEE

Audit Committee Disclosure

Pursuant to Section 224(1) of the British Columbia Business Corporations Act and National Instrument 52-110 of the Canadian Securities Administrators (“**NI 52-110**”) the Company is required to have an audit committee (the “**Audit Committee**”) comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. Form 52-110F2 requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (i) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (ii) reviewing the systems for internal corporate controls which have been established by the Board and management; and (iii) overseeing the Company’s financial reporting processes generally. In meeting these responsibilities the Audit Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Audit Committee is also mandated to review and approve all material related party transactions.

Composition of the Audit Committee:

The Audit Committee is comprised of the following members: Jay Sujir, Ana Milena Vásquez, and Kevin Nishi. Kevin Nishi is the Chair of the Audit Committee. Each member of the Audit Committee is considered to be financially literate, as defined by NI 52-110, in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

The members of the Audit Committee are appointed by the Board at its first meeting following the annual shareholders’ meeting. Unless a chair is appointed by the Board, the members of the Audit Committee designate a chair by a majority vote.

Relevant Education and Experience

All three Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements and are therefore considered “financially literate”.

Jay Sujir – Mr. Sujir is a securities and natural resources lawyer who has extensive experience in advising and assisting public companies. He has been a partner with Farris LLP since May 2015. From 1991 to May 2015, Mr. Sujir was a partner at Anfield, Sujir Kennedy & Durno, LLP and its predecessor firms. Mr. Sujir obtained his Bachelor of Arts degree from the University of Victoria in 1981 with a double major in Economics and Philosophy and obtained his Bachelor of Law degree from the University of Victoria in 1985. He is a member of the Law Society of British Columbia and the Canadian Bar Association.

Kevin Nishi – Mr. Nishi is a CPA, CA in practice with Smythe LLP, Chartered Professional Accountants. He has been a partner of the firm since 1996. Mr. Nishi holds a Bachelor of Business Administration from Simon Fraser University. Mr. Nishi has extensive background in accounting and auditing for public and private companies and he is a director of several publicly traded mineral exploration companies. Mr. Nishi is considered a financial expert.

Ana Milena Vásquez – Ms. Vásquez is a candidate for a Master’s degree in Sustainability from Harvard University, a Master’s degree in Financial Analysis from the Carlos III University of Madrid, and has a Bachelor’s degree in Finance and International Affairs from Externado University.

The Audit Committee’s Charter

The Company has adopted a Charter of the Audit Committee, a copy of which is attached hereto as Schedule “A”.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6) or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 6.1.1(4), (5) and (6) provide exemptions in certain circumstances from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the venture issuer. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Audit Committee, on a case-by-case basis.

External Auditor Service Fees

In the following table are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s interim financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
August 31, 2023	\$52,500	Nil	\$17,500	\$69,000
August 31, 2022	\$48,500	Nil	\$15,000	Nil

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedarplus.ca.

Financial information is provided in the Company's comparative annual audited financial statements and management's discussion and analysis ("**MD&A**") for its most recently completed financial year, and will be available online at www.sedarplus.ca. Shareholders may request additional free copies by mail by writing to Suite 905 – 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3 or phoning 604-638-2545 X102 and providing their mailing address.

DIRECTORS' APPROVAL

The contents and the sending of the accompanying Notice of Meeting and this Information Circular have been approved by the Board.

DATED at Vancouver, British Columbia, this 7th of February, 2024;

ON BEHALF OF THE BOARD OF DIRECTORS

"Ian Harris"

Ian Harris
Director & Chief Executive Officer

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

PURPOSE OF THE AUDIT COMMITTEE

The purpose of the Audit Committee (the “**Audit Committee**”) of the board of directors (the “**Board**”) of Outcrop Silver & Gold Corporation (“**Outcrop**”) is to provide an open avenue of communication between management, Outcrop’s independent auditors and the Board, and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of Outcrop’s financial reporting and disclosure practices;
- Outcrop’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of Outcrop’s independent auditor.

The Audit Committee shall also perform any other activities consistent with this Charter, Outcrop’s articles and governing laws, as the Audit Committee or Board deems necessary or appropriate, including National Instrument 52-110 *Audit Committees*.

The Audit Committee shall consist of at least three directors. Members of the Audit Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Audit Committee shall elect a Chairman from among their number. A majority of the members of the Audit Committee must not be officers or employees of Outcrop or of an affiliate of Outcrop. All members of the Audit Committee must be financially literate.

The quorum for a Meeting of the Audit Committee is a majority of the members who are not officers or employees of Outcrop or of an affiliate of Outcrop, present in person or by telephone or other electronic means. With the exception of the foregoing quorum requirement, the Audit Committee may determine its own procedures.

The Audit Committee’s role is one of oversight. Management is responsible for preparing Outcrop’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (“**IFRS**”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit Outcrop’s financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Outcrop in accordance with IFRS.

The Audit Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing Outcrop’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for Outcrop, and for reviewing and recommending the compensation of the independent auditor. The Audit Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

AUTHORITY AND RESPONSIBILITIES

In addition to the foregoing, in performing its oversight responsibilities the Audit Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of Outcrop’s Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of Outcrop’s accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related

documents and review with management the unaudited quarterly financial statements and related documents, and the annual information form, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review Outcrop's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by Outcrop, including consideration of the independent auditor's judgment about the quality and appropriateness of Outcrop's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to Outcrop by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and Outcrop and all non-audit work performed for Outcrop by the independent auditor.
11. Establish and review Outcrop's procedures for the:
 - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of Outcrop.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of Outcrop.