

# Canstar Resources Inc.

220 Bay Street, Suite 550  
Toronto, Ontario M5J 2W4  
[www.canstarresources.com](http://www.canstarresources.com)  
Tel: (647) 557-3442 Fax: (647) 557-3448

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

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares of Canstar Resources Inc. (the “**Company**”) will be held at 18 King Street East, Suite 902, Toronto, Ontario M5C 1C4, on November 29, 2021 at 10:00 am (Eastern Standard Time) for the purpose of:

1. receiving the Company’s financial statements for the year ended June 30, 2021 and the report of the auditors thereon;
2. electing directors of the Company for the ensuing year;
3. appointing MNP LLP as the auditors of the Company for the ensuing year, and authorizing the directors to fix their remuneration;
4. to consider, and if thought advisable, to approve an ordinary resolution reapproving the Company’s Stock Option Plan, as more particularly described in the Circular;
5. to consider, and if thought advisable, to approve, with or without variation, an ordinary resolution of disinterested shareholders to approve the creation of a Control Person (as such term is defined by the policies of the TSX Venture Exchange), as described in the Circular;
6. to consider, and if thought advisable, to confirm, ratify and approve by an ordinary resolution the Advance Notice By-law of the Company, the full text of which is attached as Schedule “C” to the Circular and as more particularly described in the Circular.
7. transacting such further and other business as may properly come before the Meeting or any adjournment thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the management information circular of the Company dated October 18, 2021 (the “**Circular**”). To be approved, each of the foregoing matters is required to be passed by an “**ordinary resolution**”, being a majority of the votes cast by Shareholders who voted in respect of that resolution at the Meeting.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is October 18, 2021 (the “**Record Date**”). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

A Shareholder wishing to be represented by proxy at the meeting or any adjournment thereof must deposit his/her/its duly executed form of proxy with the Company’s transfer agent and registrar, TSX Trust Company (“**TSX Trust**”), at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 1S3, by facsimile at (416) 595-9593 or online at <https://www.voteproxyonline.com/pxlogin> not later than 10:00 a.m. (Toronto time) on November 25, 2021 or, if the meeting is adjourned, not later than 48 hours, excluding weekends and statutory holidays in the City of Toronto, Ontario, preceding the time of such adjourned meeting (the “**Proxy Deadline**”). Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the form of proxy so that as large a representation as possible may be had at the Meeting.

### **Notice-and-Access**

The Company is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) that came into effect on February 11, 2013 under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a*

*Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting materials to registered and beneficial Shareholders.

### **Website Where Meeting Materials are Posted**

The Notice-and-Access Provisions are a new set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular, financial statements of the Company for the year ended June 30, 2021 (“**Financial Statements**”) and management’s discussion and analysis of the Company’s results of operations and financial condition for 2021 (“**MD&A**”) may be found on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com) and also on the Company’s website at <https://www.canstarresources.com/investors/financial-reports/>. The Company will not use procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Circular to some Shareholders with this notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Circular.

### **Obtaining Paper Copies of Materials**

The Company anticipates that using notice-and-access for delivery to all Shareholders will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials. Shareholders with questions about notice-and-access can contact the Company’s transfer agent, TSX Trust, toll-free at +1 866 600-5869; T +1 416 342-1091, or by email at [tmxeinvestorservices@tmx.com](mailto:tmxeinvestorservices@tmx.com). Shareholders may also obtain paper copies of the Circular, Financial Statements and MD&A free of charge by contacting the Company’s Corporate Secretary toll free at 1-888-372-2677. A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Company or TSX Trust, as applicable, by November 18, 2021 in order to allow sufficient time for Shareholders to receive the paper copies and to return their proxies or voting instruction forms to intermediaries not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof. Any requests for paper copies received by the Company after November 18, 2021 will be delivered to Shareholders in accordance with applicable securities law.

### **Voting**

**All Shareholders are invited to attend the Meeting and may attend in person or may be represented by proxy. A “beneficial” or “non-registered” Shareholder will not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his/her/its broker; however, a beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the common shares in that capacity. Only Shareholders as of the Record Date are entitled to receive notice of and vote at the Meeting. Shareholders who are unable to attend the Meeting in person, or any adjournments or postponements thereof, are requested to complete, date and sign the form of proxy (registered holders) or voting instruction form (beneficial holders) and return it in the envelope provided.**

To be effective, the form of proxy or voting instruction form must be submitted by facsimile at (416) 595-9593, online at <https://www.voteproxyonline.com/pxlogin> or mailed so as to reach or be deposited with TSX Trust (in the case of registered holders) at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 1S3, prior to the Proxy Deadline, failing which such votes may not be counted, or your intermediary (in the case of beneficial holders) with sufficient time for them to file a proxy by the Proxy Deadline. **Shareholders are reminded to review the Circular before voting.**

**In an effort to mitigate the risks associated with COVID-19, and to preserve the health and safety of our communities, shareholders, employees and other stakeholders, we are inviting Shareholders to attend via Zoom Meeting or conference call. Please contact [info@canstarresources.com](mailto:info@canstarresources.com) in advance of the Meeting to obtain the Zoom Meeting or conference line details (Meeting ID: 842 1480 1547; Passcode to be provided). Shareholders will have an equal opportunity to participate at the Meeting through this method regardless of their geographic location. We encourage Shareholders to not attend the meeting in person due to risks related to COVID-19. We will also take additional precautionary measures in relation to the physical Meeting, limiting access to essential personnel, registered Shareholders and proxy holders entitled to attend and vote at the Meeting. We highly recommend Shareholders vote their common shares prior to the Meeting.**

**DATED** this 18<sup>th</sup> day of October, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Dennis Peterson”*

Dennis Peterson  
Chairman & Director

# Canstar Resources Inc.

220 Bay Street, Suite 550  
Toronto, Ontario M5J 2W4  
[www.canstarresources.com](http://www.canstarresources.com)  
Tel: (647) 557-3442 Fax: (647) 557-3448

## MANAGEMENT INFORMATION CIRCULAR ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Canstar Resources Inc. (the “**Company**”) is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) that came into effect on February 11, 2013 under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) and National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) for distribution of this management information circular (the “**Circular**”) to both registered and non-registered (or beneficial) holders (“**Shareholders**”) of common shares of the Company (“**Common Shares**”). Further information on notice-and-access is contained below under the heading *General Information Respecting the Meeting – Notice-and-Access* and Shareholders are encouraged to read this information for an explanation of their rights.

### GENERAL INFORMATION RESPECTING THE MEETING

**This Circular is furnished in connection with the solicitation by the management of the Company** of proxies to be used at the annual general and special meeting (the “**Meeting**”) of shareholders (the “**Shareholders**”) of the Company, to be held at 18 King Street East, Suite 902, Toronto, Ontario M5C 1C4, on November 29, 2021 at 10:00 am (Eastern Standard Time), and at any adjournment thereof, for the purposes set forth in the attached notice of meeting of the Company.

**Although it is expected that the solicitation of the proxies will be primarily by mail, proxies may also be solicited personally or by telephone or other similar means of communication by the directors and/or officers of the Company at nominal cost.** The cost of solicitation will be borne by the Company. Directors, officers and employees of the Company will not receive any extra compensation for such activities.

**In light of the global pandemic caused by COVID-19, the Company is inviting Shareholders to participate via Zoom Meeting or conference call. Please contact [info@canstarresources.com](mailto:info@canstarresources.com) in advance of the Meeting to obtain the Zoom Meeting or conference line details (Meeting ID: 842 1480 1547; Passcode to be provided). Shareholders will have an equal opportunity to participate at the Meeting through this method regardless of their geographic location. We encourage Shareholders to not attend the meeting in person due to risks related to COVID-19. We highly recommend Shareholders vote their Common Shares prior to the meeting.**

In this Circular, unless otherwise indicated, all dollar amounts “\$” are expressed in Canadian dollars.

### Notice and Access

As noted above, the Company is utilizing the Notice-and-Access Provisions that came into effect on February 11, 2013 under NI 54-101 and NI 51-102 for distribution of this Circular to all registered Shareholders and Beneficial Shareholders (as defined below).

The Notice-and-Access Provisions are a new set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular, financial statements of the Company for the year ended June 30, 2021 (“**Financial Statements**”) and management’s discussion and analysis of the Company’s results of operations and financial condition for 2021 (“**MD&A**”) may be found on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com) and also on the Company’s website at <https://www.canstarresources.com/investors/financial-reports/>. The Company will not use procedures known as “stratification” in relation to the use of Notice-and-Access Provisions.

Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of this Circular to some Shareholders with the notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of this Circular. **Shareholders are reminded to review this Circular before voting.**

Although this Circular, the Financial Statements and the MD&A will be posted electronically on-line as noted above, Shareholders will receive paper copies of a “notice package” via prepaid mail containing the Notice of Meeting with information prescribed by NI 54-101 and NI 51-102, a form of proxy or voting instruction form, and supplemental mail list return card for Shareholders to request they be included in the Company’s supplementary mailing list for receipt of the Company’s interim financial statements for the 2021 fiscal year.

The Company anticipates that notice-and-access will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can contact the Company’s transfer agent, TSX Trust Company Inc. (“**TSX Trust**”), toll-free at +1 866 600-5869; T +1 416 342-1091 or by email at [tmxinvestorservices@tmx.com](mailto:tmxinvestorservices@tmx.com). Shareholders may also obtain paper copies of the Circular, Financial Statements and MD&A free of charge by contacting the Company’s Corporate Secretary toll free at 1.888.372.2677.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Company or TSX Trust, as applicable, by November 18, 2021 in order to allow sufficient time for Shareholders to receive their paper copies and to return their form of proxy to TSX Trust (in the case of registered Shareholders), or their voting instruction form to their intermediaries (in the case of Beneficial Shareholders, as such term is defined herein) by its due date. Any requests for paper copies received by the Company after November 18, 2021 will be delivered to Shareholders in accordance with applicable securities law.

## APPOINTMENT, VOTING AND REVOCATION OF PROXIES

### Appointment

The persons named in the form of proxy represent management of the Company. **Any Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the form of proxy to attend, vote and act for and on behalf of such person at the Meeting. In order to do so the Shareholder may insert the name of such person in the blank space provided in the form of proxy, or may use another proper form of proxy.** All proxies must be deposited with the Company’s registrar and transfer agent, TSX Trust Company Inc., at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1, by facsimile at (416) 595-9593 or online at <https://www.voteproxyonline.com/pxlogin> not later than 10:00 a.m. (Eastern Standard Time) on November 25, 2021, or if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned Meeting. The Company may refuse to recognize any proxy received after such time. A proxy should be executed by the Shareholder or his or her attorney duly authorized in writing, or if the Shareholder is a corporation, by a duly authorized officer or attorney thereof.

### Voting

Common Shares represented by any properly executed proxy in the form will be voted for or against, or withheld from voting, as the case may be, on any ballot that may be called for in accordance with the instructions given by the Shareholder. **In the absence of such instructions, the proxy will confer discretionary authority and will be voted FOR all matters set out herein.**

**The form of proxy confers discretionary authority on the persons named in it with respect to amendments or variations to matters identified in the notice of meeting or other matters that may properly come before the Meeting. As of the date hereof, management of the Company is not aware of any such amendments, variations or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of management of the Company.**

## Revocation

In addition to revocation by any other manner permitted by law, a Shareholder may revoke a proxy before it is exercised by written instrument executed by the Shareholder (or by the Shareholder's attorney authorized in writing) and deposited at the registered offices of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or deposited with the Chairman of the Meeting prior to the commencement of the Meeting on the day thereof or any adjournment thereof.

A Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

## ADVICE TO HOLDERS OF COMMON SHARES

### Beneficial Shareholders

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name ("**Beneficial Shareholders**"), should note that only proxies deposited by Shareholders who appear on the records maintained by the Company's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will in all likelihood not be registered in the Shareholder's name and will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name of CDS Clearing and Depository Services Inc. which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

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

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

Beneficial Shareholders fall into two categories: those who object to their identity being made known to the issuers of securities which they own (“**Objecting Beneficial Owners**” or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**” or “**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries. Pursuant to NI 54-101, issuers may obtain and use the NOBO list in connection with any matter relating to the affairs of the issuer, including the distribution of proxy-related materials directly to NOBOs. The Company is not sending Meeting materials directly to the NOBOs. The Company will use and pay intermediaries and agents to send the Meeting materials and also intends to pay for intermediaries to deliver the Meeting materials to the OBOs. **As more particularly outlined above under the heading “Notice-and-Access”, Meeting materials will be sent to Beneficial Shareholders using the Notice-and-Access Provisions.**

All references to Shareholders in this Circular and the form of proxy and notice of meeting are to registered Shareholders unless specifically stated otherwise.

### **Registered Shareholders**

Registered holders of Common Shares shown on the Shareholders’ list prepared as of the Record Date (defined below) will be entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held.

Registered Shareholders may also, rather than returning by mail or hand delivery the form of proxy received from the Company, elect to submit a form of proxy by use of telephone or the Internet. Those registered holders electing to vote by telephone require a touch-tone telephone to transmit their voting preferences. Registered holders electing to vote by telephone or via the Internet must follow the instructions included in the form of proxy received from the Company.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

As at the date hereof the Company has 90,316,003 Common Shares issued and outstanding, each of which carries one vote. To the knowledge of the directors and executive officers of the Company, the only persons or corporations that beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares as at the Record Date are:

| <b>Shareholder Name</b> | <b>Number of Common Shares Held<sup>(1)(2)</sup></b> | <b>Percentage of Issued Common Shares</b> |
|-------------------------|--|---|
| Eric Sprott             | 27,863,339 <sup>(3)</sup>                            | 30.85%                                    |

Notes:

- (1) *The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Company, has been obtained by the Company from publicly disclosed information and/or furnished by the Shareholder listed above.*
- (2) *On a non-diluted basis.*
- (3) *All such Common shares are held by 2176423 Ontario Ltd., of which Mr. Sprott is the sole beneficial shareholder.*

Persons registered on the books of the Company at the close of business on October 18, 2021 (the “**Record Date**”) are entitled to vote at the Meeting.

### **MATTERS TO BE ACTED UPON AT THE MEETING**

#### **1. Receipt of Financial Statements**

The audited financial statements of the Company for the fiscal year ended June 30, 2021 and the report of the auditors thereon, both of which accompany this Circular, will be submitted to the Meeting. Receipt at the Meeting of the auditor’s report and the Company’s audited financial statements for the fiscal year ended June 30, 2021 will not constitute approval or disapproval of any matters referred to therein.

#### **2. Election of Directors**

At the Meeting, the following five (5) persons named hereunder will be proposed for election as directors of the Company. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of the next annual meeting of Shareholders, or until his successor is duly elected unless prior thereto he resigns or his office becomes vacant by reason of death or other cause.

Shareholders have the option to (i) vote for all of the directors of the Company listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. **Unless the Shareholder has specifically instructed in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld or voted otherwise, the persons named in the accompanying proxy will vote FOR the election of each of the proposed nominees set forth below as directors of the Company.**

The following table, among other things, sets forth the name of all persons proposed to be nominated for election as directors, their place of residence, position held, and periods of service with, the Company, or any of its affiliates, their principal occupations and the approximate number of Common Shares beneficially owned, controlled or directed, directly or indirectly, by them:

| Name, Province or State, and Country of Residence        | Principal Occupation  | Director Since        | Position with the Company | Number of Common Shares Beneficially Owned <sup>(1)</sup> |
|--|---|-----------------------|---------------------------|---|
| Sam Leung <sup>(2)(3)(4)(5)</sup><br>Ontario, Canada     | Vice-President Corporate Development of Adventus Mining Corporation | 2018                  | Director                  | 1,150,000   |
| Neil Burns <sup>(4)(5)</sup><br>British Columbia, Canada | Vice President of Technical Services at Wheaton Precious Metals     | 2021                  | Director                  | 263,000   |
| James Clare <sup>(2)(3)(6)</sup><br>Ontario, Canada      | Partner at Bennett Jones LLP  | 2021                  | Director                  | 342,857 <sup>(6)</sup>                                    |
| Robert Bruggeman <sup>(7)</sup><br>Ontario, Canada       | President & Chief Executive Officer, Canstar Resources Inc.         | 2020                  | President & CEO, Director | 1,550,895 <sup>(7)</sup>                                  |
| Jacqueline Allison<br>Ontario, Canada                    | Executive Director, McMillan Research                               | Standing for Election | Proposed Director         | Nil   |

*Notes:*

- (1) *The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.*
- (2) *Member of the Audit Committee.*
- (3) *Member of the Nominating and Corporate Governance Committee.*
- (4) *Member of the Compensation Committee.*
- (5) *Member of the Health, Safety, Environment and Community Committee.*
- (6) *Of which 200,000 are held by Mr. Clare's company (James A. T. Clare Professional Corporation)*
- (7) *Of which 450,000 are held by Mr. Bruggeman's spouse, 300,000 are held by Mr. Bruggeman's company (Alpha Advisory Services Inc.), and 300,895 are held by the IPP of Alpha Advisory Services Inc.*

As at the date of this Circular, the directors of the Company as a group directly and indirectly beneficially own or exercise control or direction over 8,073,935 Common Shares, representing approximately 8.94% of the issued and outstanding Common Shares of the Company.

***Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No individual set forth in the above table is, as at the date of this Circular, or has been, within ten (10) years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days that was issued while such individual was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, that was issued after such individual ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such proposed director was acting in the capacity as director, chief executive officer or chief financial officer.

No individual set forth in the above table (or any personal holding company of any such individual) is, as of the date of this Circular, or has been within ten (10) years before the date of this Circular, a director or executive officer of any company (including the Company) that, while such individual was acting in 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.

No individual as set forth in the above table (or any personal holding company of any such individual) has, within the ten (10) years before the date of this 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 such individual.

No individual set forth in the above table (or any personal holding company of any such individual) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

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

Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution to re-appoint MNP LLP, Chartered Accountants, to serve as auditors of the Company until the next annual meeting of Shareholders and to authorize the directors of the Company to fix their remuneration as such.

**Unless a Shareholder directs that his or her Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the form of proxy intend to vote FOR the re-appointment of MNP LLP, Chartered Accountants as the auditors of the Company until the next annual meeting of Shareholders, and to authorize the directors to fix their remuneration.**

### **4. Re-Approval of Stock Option Plan**

The Company maintained a fixed number share incentive plan, which was approved by Shareholders on November 14, 2005 and amended on December 15, 2005, December 21, 2012 and December 11, 2014. At the meeting of the Shareholders of the Company held on December 17, 2018 the Shareholders approved the new share incentive plan (the “**Stock Option Plan**”). The Stock Option Plan is a rolling stock option plan that sets the number of Common Shares issuable thereunder at a maximum of 10% of the Common Shares issued and outstanding at the time of any grant.

The TSX Venture Exchange (the “**TSX-V**”) requires that all listed companies with a 10% rolling stock option plan must receive shareholder approval of such a plan at the time the plan is to be implemented and every year thereafter seek reapproval. At the Meeting, Shareholders will be asked to vote on a resolution to reapprove the Stock Option Plan for the ensuing year.

The Stock Option Plan provides that the Board of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company, or any subsidiary of the Company, the option to purchase common shares. The Stock Option Plan provides for a floating maximum limit of 10% of the outstanding

Common Shares as permitted by the policies of the TSX-V. As at the date hereof, this represents 9,031,600 options to purchase Common Shares available under the Stock Option Plan.

Outstanding options to purchase a total of 6,407,500 Common Shares have been issued to directors, officers, employees and consultants of the Company and remain outstanding. As at the date hereof, the number of options to purchase Common Shares remaining available for issuance under the Stock Option Plan is 2,624,100.

For a summary of the material terms of the Stock Option Plan, see “*Compensation – Compensation Discussion and Analysis – Option Based Compensation*”.

The full text of the Stock Option Plan is attached hereto as Appendix “B”.

### ***Shareholder Reapproval for the Stock Option Plan***

Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution reapproving the Stock Option Plan (the “**Stock Option Plan Resolution**”), which, to be effective, must be passed by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting.

**The Board recommends that Shareholders vote FOR the Stock Option Plan Resolution. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be voted against the Stock Option Plan Resolution, the persons named in the proxy or voting instruction form will vote FOR the Stock Option Plan Resolution.**

### **5. Approval of the Creation of a Control Person**

Shareholders will be asked at the meeting to consider and, if thought advisable, to pass an ordinary resolution of disinterested shareholders, with or without amendment, to approve the creation of a Control Person (as such term is defined by the policies of the TSX-V and as further described below) (“**Control Person Resolution**”).

#### ***Background***

Immediately prior to the Offering as described below, Eric Sprott held no Common Shares and no warrants of the Company.

On May 21, 2021, the Company completed a non-brokered private placement consisting of the sale of 13,157,895 units (each a “**Unit**”) at a price of \$0.19 per Unit for aggregate gross proceeds of \$2,500,000.05 (the “**2021 Offering**”). Each Unit is comprised of one Common Share and one common share purchase warrant (each a “**2021 Warrant**”). Each 2021 Warrant entitles the holder to purchase one Common Share at a price of \$0.25 for a period of two (2) years from the date of issuance.

Mr. Sprott through 2176423 Ontario Ltd. (“**2176423**”), a corporation beneficially owned by Mr. Sprott, acquired 10,527,000 Units pursuant to the 2021 Offering. Immediately following the close of the Offering, Mr. Sprott beneficially owned and controlled 10,527,000 Common Shares of the Company and 10,527,000 2021 Warrants, representing as of the date thereof 12.3% of the issued and outstanding Common Shares on a non-diluted basis, and 21.9% on a partially diluted basis, assuming the exercise of the Mr. Sprott’s 2021 Warrants. Pursuant to the policies of the TSX-V, Mr. Sprott would be considered a Control Person as TSX-V Policy 1.1 defines Control Person as follows:

“Control Person” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding Voting Shares of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

Mr. Sprott has signed an undertaking to not exercise any of the 2019 Warrants until such time as the Company can obtain disinterested shareholder approval of the creation of a new Control Person.

Subsequent to the Offering, according to publicly available documents, On July 8, 2021, Mr. Sprott agreed to purchase 17,336,339 Common Shares from Adventus Mining Corporation at a price of \$0.375 per Common Share (the “**Adventus Purchase**”). The Adventus Purchase closed in two tranches. The first tranche closed on July 15, 2021, whereby Mr. Sprott, through 2176423 acquired ownership of 10,401,902 Common Shares. The second tranche closed on August 13, 2021, whereby Mr. Sprott through 2176423 acquired ownership of the remaining 6,934,537 Common Shares. Following the completion of the Adventus Purchase, Mr. Sprott owns or exercises control or direction over an aggregate of 27,863,339 Common Shares, representing approximately 30.85% of the total issued and outstanding Common Shares on a non-diluted basis, and approximately 38.07% on a partially diluted basis assuming the exercise of the 2019 Warrants.

### ***Approval Requirements***

Despite Mr. Sprott exercising control or direction over 20% of Common Shares, since the 2019 Warrants were issued pursuant to a private placement, in accordance with section 1.12(a) of Policy 4.1 of the TSX-V, if the conversion of share purchase warrants will or would have resulted in, or is part of a series of transactions that will or would have resulted in, the creation of a new Control Person, the TSX-V will require the Company to obtain disinterested shareholder approval.

Shareholders will be asked to approve an ordinary resolution by “disinterested vote” approving the creation of Eric Sprott as a Control Person. Disinterested Shareholder approval means Shareholder approval by ordinary resolution, being the majority of the votes cast by Shareholders voting at the Meeting, excluding votes attaching to Common Shares beneficially owned, or over which control or direction is exercised, by the new Control Person, and any associates or affiliates thereof. In this case, votes attaching to Common Shares held by Eric Sprott or any of his associates or affiliates, will be excluded from the calculation of such approval. For the purposes of obtaining disinterested Shareholder approval, as of the date of this Circular and to the best of the Company’s knowledge, Eric Sprott owns or exercises control or direction over an aggregate 27,863,339 Common Shares, representing 30.85% of the total issued and outstanding Common Shares.

### ***Shareholder Approval for the Creation of Control Person***

Shareholders (other than Eric Sprott) will be asked to vote on the following resolution:

“NOW THEREFORE BE IT RESOLVED, as an ordinary resolution of disinterested shareholders, that:

- (1) the creation of Eric Sprott as a Control Person (as that term is defined by the policies of the TSX Venture Exchange) of the Company as more particularly described in the Company’s Circular dated October 18, 2021, is hereby approved; and
- (2) any director or officer of the Company is hereby authorized for and on behalf of the Company to execute and deliver all documents and instruments and to take such other actions as such director or officer may determine to be necessary or desirable to implement these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

The Board believes that Eric Sprott’s investment and further investment in the Company are in the best interests of the Company’s Shareholders. **The Board recommends that Shareholders vote FOR the resolution approving the creation of Eric Sprott as a Control Person. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting**

**instruction form are to be voted against the Control Person Resolution, the persons named in the proxy or voting instruction form will vote FOR the Control Person Resolution.**

## **6. Approval of Advance Notice By-Law**

The Company wishes to have shareholders approve the Advance Notice By-law of the Company (the “**Advance Notice By-law**”) which was passed by the Board on October 18, 2021 a copy of which is attached as Schedule “C” to this Circular. The Advance Notice By-law is being presented for approval by Shareholders of the Company (the “**Advance Notice By-Law Resolution**”).

The purpose of the Advance Notice By-law is to provide Shareholders, the Board and management of the Company with guidance on the nomination of directors. The Advance Notice By-law is the framework by which the Company seeks to ensure that Shareholders seeking to nominate a candidate to the Board must provide timely notice in proper form to the Company in advance of any annual general meeting or special meeting of Shareholders where directors are up for election. Specifically, the advance notice provisions provide as follows:

- Notice will be considered timely if (a) in the case of an annual general meeting of Shareholders, it is provided not less than thirty (30) days and not more than sixty-five (65) days prior to the date of the meeting; provided, however, that in the event the annual general meeting is called for a date that is less than fifty (50) days after the date (the “**Notice Date**”) on which the first public announcement of the meeting was made, notice by a nominating Shareholder may be made not later than the tenth (10<sup>th</sup>) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual general meeting) called for the purpose of electing directors, not later than the fifteenth (15<sup>th</sup>) day following the Notice Date.
- Notice will be considered in proper form if it sets forth, among other things, for each person the nominating Shareholder is nominating for election as a director: (a) the name, age, citizenship, business address and residential address of the person, (b) the principal occupation, business or employment of the person, (c) the class or series and number of shares in the capital of the Company which are controlled or directed or which are owned beneficially, directly or indirectly, or of record by the person as of the record date for notice of the meeting of shareholders (if such date shall have occurred) and as of the date of such notice, and (d) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.
- Notice will be considered in proper form if it sets forth, among other things, for the nominating Shareholder: (a) the class or series and number of shares in the capital of the Company which are controlled or directed or which are owned beneficially, directly or indirectly, or of record by the nominating Shareholder as of the record date for notice of the meeting of shareholders (if such date shall have occurred) and as of the date of such notice, (b) full particulars regarding any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such nominating Shareholder has a right to vote any shares of the Company, (c) full particulars of any derivatives, hedges or other economic or voting interests (including short positions) relating to the nominating Shareholder’s interest in shares in the capital of the Company, and (d) any other information relating to such nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.
- The Board may, in its sole discretion, waive any requirement in this by-law.

The advance notice provisions will provide the Company with adequate prior notice of director nominations, as well as sufficient information on the nominees, allowing it to evaluate any proposed nominees’ qualifications and to communicate its views to Shareholders in a timely fashion. It will also facilitate an orderly and efficient meeting process and allow all Shareholders a reasonable opportunity to evaluate all proposed nominees in order that they be able to make an informed vote.

If the Advance Notice By-Law is approved at the Meeting, the Advance Notice By-Law will continue to be in full force and effect in accordance with its terms and conditions following the termination of the Meeting. Thereafter, the Advance Notice By-Law and will be updated, as necessary, to the extent needed to reflect changes required by

securities regulatory agencies or stock exchanges, or so as to meet industry standards (which changes will require subsequent ratification by shareholders).

If the Advance Notice By-Law is not approved at the Meeting, the Advance Notice By-Law will terminate and be of no further force or effect from and after the termination of the Meeting.

### ***Shareholder Approval***

Under the Ontario Business Corporations Act (the “OBCA”), the directors may by resolution make or amend the Company’s by-laws, subject to the requirement for shareholder confirmation by ordinary resolution thereof at the next meeting of shareholders. Accordingly, shareholders will be asked at the Meeting to vote on an ordinary resolution, being the majority of the votes cast by Shareholders voting at the Meeting, as set out below, to confirm, ratify and approve the Advance Notice By-law.

Shareholders will be asked at the Meeting to consider, and, if deemed advisable, to adopt the following resolution to confirm, ratify and approve the Advance Notice By-law:

“NOW THEREFORE BE IT RESOLVED, as an ordinary resolution of shareholders, that:

- (1) the Advance Notice By-law, substantially in the form attached as Schedule “C” to the Circular of the Company, is hereby confirmed, ratified and approved as a by-law of the Company; and
- (2) any director or officer of the Corporation is hereby authorized for and on behalf of the Company to execute and deliver all documents and instruments and to take such other actions as such director or officer may determine to be necessary or desirable to implement these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

The Board believes that the Advance Notice By-law is in the best interests of the Company and its Shareholders. **The Board recommends that Shareholders vote FOR the resolution to confirm, ratify and approve the Advance Notice By-law. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be voted against the Advance Notice By-law Resolution, the persons named in the proxy or voting instruction form will vote FOR the Advance Notice By-law Resolution.**

### **7. Other Matters That May Come Before the Meeting**

Management of the Company knows of no matters to come before the Meeting other than as set forth above. However, if other matters which are not known to management should properly come before the Meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the person(s) voting the proxy.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Company’s executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company’s Chief Executive Officer, Chief Financial Officer, and, if applicable, its three (3) most highly compensated individuals acting as, or in a like capacity as, executive officers of the Company whose total compensation for the most recently completed financial year was individually equal to more than \$150,000 (the “NEOs” or “Named Executive Officers”). During the Company’s most recently completed financial year, being the financial year ended June 30, 2021 the only NEOs during the last financial year were Robert Bruggeman, President, Chief Executive Officer and Director, Dennis H. Peterson, Director, Former Interim President and Chief Executive Officer and John E. Hurley, Chief Financial Officer.

### ***Compensation Committee***

The Compensation Committee of the Board is responsible for ensuring that the Company has in place an appropriate plan for executive compensation, and for making recommendations to the Board with respect to the compensation of the Company's executive officers. The Compensation Committee ensures that the total compensation paid to the Company's NEOs is fair, reasonable, and consistent with the Company's compensation philosophy. For more information on the Compensation Committee, see "*Corporate Governance Practices – Compensation Committee*".

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

The Company's compensation philosophy is based on the following fundamental principles:

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

The objectives of the compensation program in compensating NEOs were developed based on the above-mentioned compensation philosophy and are as follows:

- to attract and retain highly qualified executive officers;
- to align the interests of executive officers with Shareholders' interests and with the execution of the Company's business strategy;
- to evaluate performance on the basis of key measurements that correlate to long term Shareholder value; and
- to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

### ***Competitive Compensation***

Aggregate compensation for NEOs is designed to be competitive. The Compensation Committee reviews compensation practices of similarly situated companies in determining compensation policy. Although the Compensation Committee reviews each element of compensation for market competitiveness, and it may weigh a particular element more heavily based on a NEO's role within the Company, it is primarily focused on remaining competitive in the market with respect to total compensation.

Prior to making its decisions, the Compensation Committee reviews data related to compensation levels and programs of various companies that are similar in size to the Company and that operate within the mining exploration and development industry. These companies are used as the Company's primary peer group because they have similar business characteristics or because they compete with the Company for employees and investors. The Compensation Committee also relies on the experience of its members as officers and/or directors of other companies in similar lines of business as the Company when assessing compensation levels. These other companies are identified under the heading "*Corporate Governance Practices – Directorships*".

The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar revenues and business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish a basis for developing salary adjustments and short term and long term incentive awards for the Compensation Committee's approval.

### ***Aligning the Interests of NEOs with the Interests of the Company's Shareholders***

The Company believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for NEOs. The Company's objective is to establish benchmarks and targets for NEOs which, if achieved, will enhance Shareholder value.

A combination of fixed and variable compensation is used to motivate executive officers to achieve overall corporate goals. For the 2021 financial year, the three basic components of executive compensation were:

- fixed (base) salary;
- annual incentives (cash bonus); and
- option-based compensation.

Fixed salary comprises a portion of the total cash-based compensation; however, annual incentives and option-based compensation represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on: (i) whether the executive officer is able to meet or exceed his or her applicable performance targets; and (ii) the market performance of the Common Shares. To date, no specific formulae have been developed to assign a specific weighing to each of these components. Instead, the Board considers each performance target and the Company's performance and assigns compensation based on this assessment and the recommendations of the Compensation Committee.

The Compensation Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Company believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Company does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Company as of the date of hereof, no director or NEO of the Company has participated in the purchase of such financial instruments.

### ***Base Salary***

The Compensation Committee and the Board approve salary ranges for the NEOs. The base salary review for NEOs is based on an assessment of factors such as current competitive market conditions, compensation levels within the peer group, and particular skills such as leadership ability and management effectiveness, experience, responsibility, and proven or expected performance. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers is consistent with the administration of salaries for all other employees. Robert Bruggeman is the only NEO that receives a base salary. See "*EXECUTIVE COMPENSATION – Summary Compensation Table for NEOs*" for details.

### ***Annual Incentives***

The Company is not currently awarding any annual incentives by way of cash bonuses. However, the Company, in its discretion, may award such incentives in order to motivate executive officers to achieve short term corporate goals. The Compensation Committee and the Board approve any annual incentives.

The success of a NEO in achieving his individual objectives and his contribution to the Company in reaching its overall goals are factors in the determination of that NEO's annual bonus. The Compensation Committee assesses a NEO's performance on the basis of his contribution to the achievement of predetermined corporate objectives, as well as to needs of the Company that arise on a day-to-day basis. This assessment is used by the Compensation Committee in developing its recommendations to the Board with respect to the determination of annual bonuses for the NEOs. Where the Compensation Committee cannot unanimously agree, the matter is referred to the full Board for decision. The Board relies heavily on the recommendations of the Compensation Committee in granting annual incentives.

The Board approves targeted amounts of annual incentives for NEOs at the beginning of each financial year. The targeted amounts are determined by the Compensation Committee based on a number of factors, including comparable compensation at similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities, will trigger the award of a bonus payment to the NEOs. NEOs will receive a partial or full incentive payment depending on the number of predetermined targets met and the Compensation Committee's and Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and it reserves the right to make positive or negative adjustments to any bonus payment if considered appropriate.

### ***Option-Based Compensation***

The Company currently has no long term incentive plans other than stock options granted from time to time by the Board under the provisions of the Company's existing incentive Stock Option Plan. The Shareholders first approved the existing incentive stock option plan at the annual general and special meeting of Shareholders held on December 17, 2018. At the Meeting, Shareholders will be asked to reapprove the Stock Option Plan. The purpose of the Stock Option Plan is to encourage Common Share ownership by directors, officers, employees and consultants of the Company and its affiliates, and by other designated persons. The Compensation Committee believes that the Stock Option Plan aligns the interests of NEOs with those of Shareholders by linking a component of executive compensation to the longer term performance of the Common Shares. Eligibility for participation in the Stock Option Plan is restricted to directors, officers, employees and consultants of the Company and its affiliates, and to other designated persons.

The following is a summary of the material terms of the Stock Option Plan (any terms not defined herein have the meaning defined in the Stock Option Plan):

- (a) The aggregate maximum number of Common Shares available for issuance from treasury under the Stock Option Plan at any given time is 10% of the outstanding Common Shares as at the date of grant of an Option under the Stock Option Plan. The Stock Option Plan provides for a floating maximum limit of 10% of the outstanding Common Shares as permitted by the policies of the TSX-V. As at the date hereof, this represents 9,031,600 options to purchase Common Shares available under the Stock Option Plan. Outstanding options to purchase a total of 6,407,500 Common Shares have been issued to directors, officers, employees and consultants of the Company and remain outstanding. As at the date hereof, the number of options to purchase Common Shares remaining available for issuance under the Stock Option Plan is 2,624,100.
- (b) No Options shall be granted to any Participant if such grant could result, at any time, in:
  - (i) the issuance of any one individual, within a one-year period, of a number of Common Shares exceeding 5% of the issued and outstanding Common Shares;

- (ii) the issuance to any one consultant, within any 12-month period, of a number of Common Shares exceeding 2% of the issued and outstanding Common Shares; and
- (iii) the issuance to employees conducting investor relations activities, within any 12 month period, of an aggregate number of Common Shares exceeding 2% of the issued and outstanding Common Shares;

unless permitted otherwise by any applicable stock exchange.

- (c) Disinterested Shareholder Approval is required for the following:
  - (i) any individual stock option grant that would result in the grant to Insiders (as a group), within a 12-month period, of an aggregate number of options exceeding 10% of the issued Common Shares, calculated on the date an option is granted to any Insider; and
  - (ii) any individual stock option grant that would result in the number of Common Shares issued to any individual in any 12-month period under this Plan exceeding 5% of the issued Common Shares, less the aggregate number of shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Company.
- (d) The term of an Option shall not exceed 10 years from the date of grant of the option.
- (e) An Option shall vest and may be exercised in whole or in part at any time during the term of such Option after the date of the grant as determined by the Board, subject to extension where the expiry date falls within a Blackout Period.
- (f) Options may be granted by the Company pursuant to the recommendations of the Board or a committee appointed to administer the Stock Option Plan from time to time provided and to the extent that such decisions are approved by the Board.
- (g) Options shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.
- (h) If a Participant who is a non-executive director of the Company ceases to be an Eligible Person as a result of his or her retirement from the Board, each unvested Option held by such Participant shall automatically vest on the date of his or her retirement from the Board, and thereafter each vested Option held by such Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and one year after the date of his or her retirement from the Board
- (i) If a Participant ceases to be an Eligible Person for any reason whatsoever, other than under an exception under the Stock Option Plan, each vested Option held by the Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and 6 months after the Termination Date; provided that all unvested Options held by such Participant shall automatically terminate and become void on the Termination Date of such Participant.
- (j) If a Participant dies, the legal representative of the Participant may exercise the Participant's vested Options for a period until the earlier of the original Expiry Date of the Option and 12 months after the date of the Participant's death, but only to the extent the Options were by their terms exercisable on the date of death.
- (k) The exercise price of any option granted under the Stock Option Plan may not be less than fair market value (e.g. the prevailing market price) of the Common Shares at the time the option is granted, less any permitted discount.

- (l) All options are non-transferable, otherwise than by will or the laws of descent and distribution.
- (m) The options are subject to early termination upon the termination of the optionee's employment, the optionee ceasing to be a director and/or officer of the Company, or the retirement, permanent disability or death of the optionee.

### **Compensation Risk Considerations**

The Compensation Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Company believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Company does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Company, as of the date of hereof, no NEO or director of the Company has participated in the purchase of such financial instruments.

Base salaries, if any, are fixed in amount thus do not encourage risk taking. While annual incentive awards focus on the achievement of short term or annual goals and short-term goals may encourage the taking of short-term risks at the expense of long term results, the Company's annual incentive award program does not represent a significant percentage of employee's potential compensation opportunities. Annual incentive awards are based on various personal and company-wide achievements. Such performance goals are subjective and include achieving individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities which would trigger the award of a bonus payment to the NEO. The determination as to whether a target has been met is ultimately made by the Board (after receiving recommendations of the Compensation Committee) and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. Funding of the annual incentive awards is capped at the company level and the distribution of funds to the executive officers is at the discretion of the Compensation Committee.

Stock option awards are important to further align employees' interests with those of the Shareholders. The ultimate value of the awards is tied to the Company's stock price and since awards are staggered and subject to long-term vesting schedules, they help ensure that NEOs have significant value tied in long-term stock price performance.

### **Compensation Summary**

#### **Summary Compensation Table for NEOs**

The following table sets forth information concerning the compensation paid, awarded or earned by the Company's NEOs for services rendered in all capacities to the Company during the three most recently completed financial years:

| Name and Principal Position  | Year | Salary (\$) | Share-based awards (\$) | Option-based awards <sup>(1)</sup> (\$) | Non-equity incentive plan compensation (\$) |                           | Pension Value (\$) | All other compensation (\$) | Total compensation (\$) |
|--|------|-------------|-------------------------|---|---|---------------------------|--------------------|-----------------------------|-------------------------|
|  |      |             |                         |   | Annual incentive plans                      | Long term incentive plans |                    |                             |                         |
| Robert Bruggeman<br><i>President, Chief Executive Officer, and Director</i> <sup>(2)</sup> | 2021 | 75,975      | Nil                     | 375,179 <sup>(7)</sup>                  | Nil   | Nil                       | Nil                | Nil                         | 451,154                 |
|  | 2020 | N/A         | N/A                     | N/A                                     | N/A   | N/A                       | N/A                | N/A                         | N/A                     |
|  | 2019 | N/A         | N/A                     | N/A                                     | N/A   | N/A                       | N/A                | N/A                         | N/A                     |
| Dennis H. Peterson<br><i>Chairman, Director</i> <sup>(2)(3)(6)(7)</sup>                    | 2021 | Nil         | Nil                     | 125,060 <sup>(7)</sup>                  | Nil   | Nil                       | Nil                | 138,985 <sup>(4)</sup>      | 264,045                 |
|  | 2020 | Nil         | Nil                     | Nil                                     | Nil   | Nil                       | Nil                | 43,654 <sup>(4)</sup>       | 43,654                  |

|   |      |         |     |                         |     |     |     |                       |         |
|---|------|---------|-----|-------------------------|-----|-----|-----|-----------------------|---------|
|   | 2019 | Nil     | Nil | Nil                     | Nil | Nil | Nil | 51,997 <sup>(4)</sup> | 51,997  |
| John E. Hurley<br>Chief Financial<br>Officer  | 2021 | Nil     | Nil | 37,518 <sup>(7)</sup>   | Nil | Nil | Nil | Nil                   | 37,518  |
|   | 2020 | Nil     | Nil | Nil                     | Nil | Nil | Nil | Nil                   | Nil     |
|   | 2019 | Nil     | Nil | Nil                     | Nil | Nil | Nil | Nil                   | Nil     |
| Christos<br>Doulis <sup>(5)(6)</sup><br>Former<br>President &<br>Chief Executive<br>Officer | 2021 | Nil     | Nil | Nil                     | Nil | Nil | Nil | Nil                   | Nil     |
|   | 2020 | 68,831  | Nil | (36,584) <sup>(5)</sup> | Nil | Nil | Nil | Nil                   | 32,247  |
|   | 2018 | 104,193 | Nil | 109,604 <sup>(5)</sup>  | Nil | Nil | Nil | Nil                   | 213,797 |

Notes:

- (1) Grant date fair value calculations are based on the Black-Scholes Option Pricing Model. Option-pricing models require the use of highly subjective estimates and assumptions including expected share price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's option-based awards.
- (2) Effective September 15, 2020 Dennis Peterson resigned his position as Interim President and CEO of the Company and Robert Bruggeman was appointed as President and CEO of the Company.
- (3) Effective August 13, 2018 Dennis H. Peterson resigned his position as Interim President and CEO of the Company and Christos Doulis was appointed as the President and CEO of the Company.
- (4) Fees owed to Peterson McVicar LLP for legal services rendered to the Company. Mr. Peterson is a partner at Peterson McVicar LLP.
- (5) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 160% expected volatility; risk-free interest rate of 0.35% per annum; and an expected dividend yield of 0%.
- (6) Effective November 1, 2019 Christos Doulis resigned his position as President and CEO of the Company and Dennis H. Peterson was appointed as the Interim President and CEO of the Company.
- (7) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 160% expected volatility; risk-free interest rate of 0.35% per annum; and an expected dividend yield of 0%.

## Incentive Plan Awards

### Outstanding Option-Based Awards

The following table provides information regarding the incentive plan awards for each NEO outstanding as of June 30, 2021:

| Name and Principal Position  | Option-based awards                                     |                            |                        |   |
|--|---|----------------------------|------------------------|---|
|  | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(1)</sup> (\$) |
| John E. Hurley<br>Chief Financial Officer  | 100,000   | 0.55                       | Jan. 3, 2022           | 15,000  |
|  | 150,000   | 0.28                       | Oct. 14, 2025          |   |
| Dennis H. Peterson<br>Chairman, Director <sup>(2)(3)</sup>                         | 120,000   | 0.55                       | Jan. 3, 2022           | 50,000  |
|  | 500,000   | 0.28                       | Oct. 14, 2025          |   |
| Robert Bruggeman<br>President, Chief Executive Officer and Director <sup>(3)</sup> | 1,500,000   | 0.28                       | Oct. 14, 2025          | 150,000   |

Notes:

- (1) Aggregate dollar amount of in-the-money unexercised options held as at June 30, 2021. Calculated based on the difference between the market value of the securities at June 30, 2021 and the exercise price of the option. The closing price of the Common Shares on the TSX-V on June 30, 2020 was \$0.38.
- (2) Effective November 1, 2019, Christos Doulis resigned his position as President and CEO of the Company and Dennis H. Peterson was appointed as the Interim President and CEO of the Company
- (3) Effective September 15, 2020, Robert Bruggeman was appointed as the President and CEO of the Company and Dennis H. Peterson resigned his position as Interim President and CEO of the Company.

### Value Vested or Earned During the Year

The following table provides information regarding the value vested or earned on incentive plan awards for each NEO during the year ended June 30, 2021:

| Name and Principal Position   | Option-based awards - Value vested during the year <sup>(1)</sup><br>(\$) | Share-based awards - Value vested during the year<br>(\$) | Non-equity incentive plan compensation - Value earned during the year<br>(\$) |
|---|---|---|---|
| John E. Hurley<br><i>Chief Financial Officer</i>  | Nil   | Nil   | Nil   |
| Dennis H. Peterson<br><i>Chairman, Director</i> <sup>(2)(3)</sup>                         | Nil   | Nil   | Nil   |
| Robert Bruggeman<br><i>President, Chief Executive Officer and Director</i> <sup>(3)</sup> | Nil   | Nil   | Nil   |

Notes:

- (1) Calculated based on the closing price of the Common Shares on the TSX-V at the vesting date less the exercise price of the vested options multiplied by the number of vested options.
- (2) Effective November 1, 2019 Christos Doulis resigned his position as President and CEO of the Company and Dennis H. Peterson was appointed as the Interim President and CEO of the Company.
- (3) Effective September 15, 2020, Robert Bruggeman was appointed as the President and CEO of the Company and Dennis H. Peterson resigned his position as Interim President and CEO of the Company.

### Employment Agreements and Termination and Change of Control Benefits

Other than as described below, there are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Company in the event of the resignation, retirement or other termination of the NEO's employment with the Company, change of control of the Company or a change in the NEO's responsibilities following a change in control.

### Pension Plan Benefits

There are no pension plan benefits, pension plans or retirement plans in place for the NEOs.

### Director Compensation

#### Director Compensation Table

At present the Company does not pay its directors any fees for their services in such capacities. The following table describes the compensation of independent directors for the year ended June 30, 2021:

| Name <sup>(1)</sup>            | Fees earned<br>(\$) | Option-based awards<br>(\$) | All other compensation<br>(\$) | Total compensation <sup>(2)</sup><br>(\$) |
|--------------------------------|---------------------|-----------------------------|--------------------------------|---|
| Patrick Reid <sup>(3)(4)</sup> | Nil                 | 75,036                      | Nil                            | 75,036                                    |
| David Palmer <sup>(4)</sup>    | Nil                 | 125,060                     | Nil                            | 125,060                                   |
| Sam Leung <sup>(4)</sup>       | Nil                 | 125,060                     | Nil                            | 125,060                                   |
| James Clare <sup>(3)(5)</sup>  | Nil                 | 86,934                      | Nil                            | 86,934                                    |
| Neil Burns <sup>(3)(5)</sup>   | Nil                 | 86,934                      | Nil                            | 86,934                                    |

Notes:

- (1) Mr. Bruggeman and Mr. Peterson were directors and NEOs during the year ended June 30, 2021. Any compensation received by them in their capacity as a director of the Company is reflected in the Summary Compensation Table for the NEOs elsewhere in this Circular.
- (2) Directors are reimbursed for all reasonable expenses incurred in the performance of their duties as directors of the Company. The table does not include any amounts paid as reimbursement for expenses.
- (3) On April 26, 2021, Patrick Reid resigned as a director and James Clare and Neil Burns were appointed to the board of directors.
- (4) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 152% expected volatility; risk-free interest rate of 0.94% per annum; and an expected dividend yield of 0%.

- (5) *The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 160% expected volatility; risk-free interest rate of 0.35% per annum; and an expected dividend yield of 0%.*

### **Option-Based Awards to Directors**

The following table provides information regarding the incentive plan awards for each director outstanding as of June 30, 2021:

| Name <sup>(1)</sup> | Option-based awards  |   |                        |  |
|---------------------|--|---|------------------------|--|
|                     | Number of securities underlying unexercised options <sup>(2)</sup> (#) | Option exercise price <sup>(2)</sup> (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(3)</sup> |
| Patrick Reid        | 70,000   | 0.55                                      | Jan. 3, 2022           | 30,000   |
|                     | 300,000  | 0.28                                      | Oct. 14, 2025          |  |
| David Palmer        | 60,000   | 0.55                                      | Jan. 3, 2022           | 50,000   |
|                     | 500,000  | 0.28                                      | Oct. 14, 2025          |  |
| Sam Leung           | 500,000  | 0.28                                      | Oct. 14, 2025          | 50,000   |
| James Clare         | 400,000  | 0.28                                      | Apr. 26, 2026          | 40,000   |
| Neil Burns          | 400,000  | 0.28                                      | Apr. 26, 2026          | 40,000   |

Notes:

- (1) *Mr. Bruggeman and Mr. Peterson were directors and NEOs during the year ended June 30, 2021. Any compensation received by them in their capacity as a director of the Company is reflected in the Summary Compensation Table for the NEOs elsewhere in this Circular.*
- (2) *Effective August 15, 2018 the Company completed a 5-to-1 share consolidation and values are expressed as of post-consolidation.*
- (3) *Aggregate dollar amount of in-the-money unexercised options held as at June 30, 2021. Calculated based on the difference between the market value of the securities at June 30, 2021 and the exercise price of the option. The closing price of the Common Shares on the TSX-V on June 30, 2021 was \$0.38.*

### **Value Vested or Earned During the Year**

Options granted to the directors of the Company vest at the time of grant. Because the exercise price of options at the time of grant is set at or above the market price of the Common Shares on the grant date, the value of these incentive stock option grants at the time of vesting is \$nil.

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended June 30, 2021:

| Name <sup>(1)</sup> | Option-based awards - Value vested during the year <sup>(2)</sup> (\$) | Share-based awards - Value vested during the year (\$) | Non-equity incentive plan compensation - Value earned during the year (\$) |
|---------------------|--|--|--|
| Patrick Reid        | Nil  | Nil  | Nil  |
| David Palmer        | Nil  | Nil  | Nil  |
| Sam Leung           | Nil  | Nil  | Nil  |
| James Clare         | Nil  | Nil  | Nil  |
| Neil Burns          | Nil  | Nil  | Nil  |

Notes:

- (1) *Mr. Bruggeman and Mr. Peterson were directors and NEOs during the year ended June 30, 2021. Any compensation received by them in their capacity as a director of the Company is reflected in the Summary Compensation Table for the NEOs elsewhere in this Circular.*
- (2) *Calculated based on the closing price of the Common Shares on the TSX-V at the vesting date less the exercise price of the vested options multiplied by the number of vested options.*

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

The following table sets forth information in respect of the Company's equity compensation plans under which equity securities of the Company are authorized for issuance, aggregated by all equity plans previously approved by the Shareholders and all equity plans not approved by the Shareholders as at June 31, 2020:

| <b>Plan Category</b>   | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights (\$)</b> | <b>Number of securities remaining available for future issuance under equity compensation plans (#)</b> |
|--|--|---|---|
| Equity compensation plans approved by securityholders <sup>(1)</sup> | 6,407,500  | 0.29  | 2,624,100   |
| Equity compensation plans not approved by security holders           | N/A  | N/A   | N/A   |
| <b>Total</b>   | 6,407,500  | 0.29  | 2,624,100   |

Note:

(1) *The Stock Option Plan is a rolling stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan will not exceed 10% of the issued and outstanding Common Shares of the Company. During the year-ended June 30, 2021, 5,800,000 options were granted, and 140,000 options expired or were cancelled under the Stock Option Plan.*

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

No executive officer, director or employee of the Company, past or present, nor any proposed nominee for election as a director of the Company, nor any associate of any of the foregoing, was at any time during the fiscal year ended June 30, 2021 or from July 1, 2021 to the date hereof, indebted to the Company or any of its subsidiaries in connection with the purchase of securities or otherwise, nor was any such individual indebted to another entity with such debt being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

### **CORPORATE GOVERNANCE PRACTICES**

The Board and senior management of the Company consider good corporate governance to be central to the effective and efficient operation of the Company. The Board has confirmed the strategic objective of the Company as seeking out and exploring mineral bearing deposits with the intention of developing and mining the deposit or proving the feasibility of mining deposits for others.

The description of the Company's current corporate governance practices is provided in accordance with Form 58-101F2 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). Such practices were established in light of the guidelines set out in National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”), as adapted by the Company given its current stage of development.

#### **Board of Directors**

NI 58-101 defines an “independent director” as a director who has no direct or indirect “material relationship” with the issuer. A “material relationship” is as a relationship which, in the view of the Board, could reasonably be expected to interfere with the exercise of a member’s independent judgment.

The Board is currently comprised of six (6) directors, however at the Meeting, five (5) directors will be nominated for election. Dennis Peterson and David Palmer will not be standing for re-election at the Meeting. Robert Bruggeman and Sam Leung have been nominated for re-election. James Clare and Neil Burns were appointed as directors on April 26, 2021, and have been nominated for election, and Jacqueline Allison has been nominated for election, which directorship shall commence upon election. Of the nominees, Robert Bruggeman is not considered independent within the meaning of NI 58-101. Mr. Bruggeman is the President and CEO of the Company. The remaining four proposed directors are independent within the meaning of NI 58-101.

#### **Directorships**

The following table sets forth the directors of the Company who currently hold directorships with other reporting issuers as at the date hereof:

| Name of Director   | Reporting Issuer  |
|--------------------|---|
| David Palmer       | Probe Metals Inc. (TSX-V)   |
| Robert Bruggeman   | AbraSilver Resource Corp. (TSX-V)   |
| Dennis H. Peterson | Angus Gold Inc. (TSX-V)<br>Probe Metals Inc. (TSX-V)<br>Bigstack Opportunities I Inc. (TSX-V) |
| Sam Leung          | AbraSilver Resource Corp. (TSX-V)   |
| James Clare        | SolGold plc (TSX)<br>PJX Resources Inc. (TSX-V)<br>Riverside Resources Inc. (TSX)             |
| Neil Burns         | Au Gold Corp. (TSX-V)   |

### Orientation and Continuing Education

The Board, together with the Nominating and Corporate Governance Committee (the “**Nominating Committee**”), is responsible for providing a comprehensive orientation and education program for new directors which fully sets out:

- the role of the Board and its committees;
- the nature and operation of the business of the Company; and
- the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition the Board, together with the Nominating Committee, is also responsible for providing continuing education opportunities to existing directors so that they can maintain and enhance their abilities and ensure that their knowledge of the business of the Company remains current.

### Ethical Business Conduct

The Board has adopted a written code of business conduct and ethics (the “**Code of Conduct**”) to encourage and promote a culture of ethical business conduct amongst the directors, officers and employees of the Company. The Board is responsible for ensuring compliance with the Code of Conduct, copies of which are available upon written request from the Chief Executive Officer of the Company. The Code of Conduct was adopted in November 2012 and there have been no departures from the Code of Conduct since its adoption.

In addition to those matters which, by law, must be approved by the Board, its approval is required for:

- the Company’s annual business plan and budget;
- material transactions not in the ordinary course of business; and
- transactions which are outside of the Company’s existing business.

To ensure the directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest, all such matters are considered and approved by the independent directors. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

The Company believes that it has adopted corporate governance procedures and policies which encourage ethical behavior by its directors, officers and employees.

### Nomination of Directors

The Nominating Committee is responsible for the appointment and assessment of directors. The Nominating Committee seeks to achieve a balance of knowledge, experience and capability among the members of the Board. When considering candidates for director, the Nominating Committee takes into account a number of factors, including the following (although candidates need not possess all of the following characteristics and not all factors are weighted equally):

- personal qualities and characteristics, accomplishments, and reputation in the business community;
- current knowledge and contacts in the countries and/or communities in which the Company does business and in the Company's industry sectors or other industries relevant to its business; and
- ability and willingness to commit adequate time to the Board and committee matters, and to be responsive to the needs of the Company.

The Board will periodically assess the appropriate number of directors and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated or otherwise arise, or the size of the Board is expanded, the Nominating Committee will consider various potential candidates for director. Candidates may come to the attention of the Nominating Committee through current directors or management, Shareholders or other persons. These candidates will be evaluated at a meeting of the Nominating Committee and may be considered at any point during the year.

### **Compensation Committee**

The Compensation Committee is composed of David Palmer (Chair), Sam Leung and Neil Burns. All members of the Compensation Committee are considered independent (as defined in NI 52-110). All members of the Compensation Committee have direct experience with respect to executive compensation issues by virtue of their positions as officers and/or directors of various other businesses and publicly-traded companies, and as such they possess skills and experience that enable the Compensation Committee to make decisions on the suitability of the Company's compensation policies and practices.

The Compensation Committee assists the Board in its oversight role with respect to (i) the Company's human resource strategy, policies and programs, and (ii) all matters relating to the proper utilization of human resources within the Company, with a special focus on management succession, development and compensation.

The Compensation Committee:

- reviews and makes recommendations to the Board at least annually regarding the Company's remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans (if any), executive stock option plans (including the Stock Option Plan), and grants and benefit plans;
- has sole authority to retain and terminate any compensation consultant to assist in the evaluation of director compensation, including sole authority to approve fees and other terms of the retention;
- reviews and approves at least annually all compensation arrangements with the senior executives of the Company;
- reviews and approves at least annually all compensation arrangements with the directors of the Company; and
- reviews the executive compensation sections disclosed in the annual management proxy circular distributed to Shareholders in respect of the Company's annual meetings of Shareholders.

### **Other Board Committees**

In addition to the Audit Committee, the Company has established the Nominating Committee, the Compensation Committee and the Health, Safety, Environment and Community Committee. The main function of the

Health, Safety, Environment and Community Committee is to review and make recommendations, as appropriate, in regards to the Company’s safety and health programs and performance, environmental management programs and compliance, and social initiatives in communities where the Company conducts its business.

**Assessments**

The Board does not consider formal assessments useful given the stage of the Company’s business and operations. However, the chairman of the Board meets annually with each director individually, which facilitates a discussion of his contribution and that of other directors. When needed, time is set aside at a meeting of the Board for a discussion regarding the effectiveness of the Board and its committees. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees. On an informal basis, the chairman is also responsible for reporting to the entire Board on areas where improvements can be made. Any agreed upon improvements required to be made are implemented and overseen by the Nominating Committee. A more formal assessment process will be instituted as, if, and when the Board considers it to be necessary.

**AUDIT COMMITTEE**

**Audit Committee Charter**

The directors of the Company have adopted a Charter for the Audit Committee, which sets out the Audit Committee’s mandate, organization, powers and responsibilities. The full text of the Audit Committee Charter is attached hereto as Appendix “A”.

**Composition of the Audit Committee**

The members of the Audit Committee are Sam Leung (Chair), James Clare and David Palmer. All members of the Audit Committee are independent (as defined in NI 52-110) and are financially literate, meaning that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements.

**Relevant Education and Experience**

The relevant education and/or experience of each member of the Audit Committee is as follows:

| Name of Member | Education  | Experience  |
|----------------|--|---|
| Sam Leung      | B.A.Sc. degree from Queen’s University (Engineering Chemistry)   | Mr. Leung is a Professional Engineer with more than 15 years of international metals and mining sector experience in due diligence, mergers and acquisitions, and strategic evaluation of assets. Mr. Leung is currently Vice-President Corporate Development of Adventus Mining Corporation and previously held corporate development and management consulting positions at Lundin Mining Corporation and Hatch Ltd.  |
| David Palmer   | B.Sc. (Geology) degree from St. Francis Xavier University, M.Sc. and Ph.D. (Economic Geology) degrees from McGill University | Dr. David Palmer has over 25 years of management, technical and exploration experience in the Canadian and international mining industry. Dr. Palmer is currently the President and CEO of Probe Metals and was previously the President and CEO of Probe Mines (2003-2015) where he led his team to two successful major mineral discoveries, including the multi-million ounce Borden Gold deposit, and the sale of the company to Goldcorp Inc. in 2015. He is a member of the Association of Professional Geoscientists of Ontario. |
| James Clare    | BA (Hons.) degree from Acadia University and a LLB degree from the University of Western Ontario                             | Mr. Clare is a partner with Bennett Jones LLP, one of Canada’s leading corporate law firms. Mr. Clare has a corporate commercial and securities law practice, with an emphasis on corporate finance and mergers and acquisitions, with a focus on the mining sector. His transactional experience includes domestic and cross-border public and private corporate finance transactions representing issuers and underwriters as well as merger and acquisitions transactions.   |

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in its Charter.

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

The following table provides detail in respect of fees billed to the Company by its external auditor during the last two complete financial years:

|                          | <b>Audit Fees<sup>(1)</sup></b> | <b>Audit-Related Fees<sup>(2)</sup></b> | <b>Tax Fees<sup>(3)</sup></b> | <b>All Other Fees<sup>(4)</sup></b> |
|--------------------------|---------------------------------|---|-------------------------------|-------------------------------------|
| Year ended June 30, 2021 | \$20,700                        | Nil                                     | Nil                           | Nil                                 |
| Year ended June 30, 2020 | \$21,400                        | Nil                                     | Nil                           | Nil                                 |

Notes:

- (1) *The aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual financial statements.*
- (2) *The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not disclosed in the "Audit Fees" column.*
- (3) *The aggregate fees billed for tax compliance, tax advice, and tax planning services.*
- (4) *No other fees were billed by the auditor of the Company other than those listed in the other columns.*

### **Exemption**

Since the Company is a "Venture Issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the United States of America), it is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

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

No "informed person" (as such term is defined in NI 51-102), proposed nominee for election as a director of the Company, or any associate or affiliate of the foregoing, has or had a material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

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

Except indicated below and as disclosed elsewhere in this Circular, no director or executive officer of the Company since the beginning of the Company's last financial year, proposed nominee for election as a director of the Company, or any associate or affiliate of the foregoing, has or had a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

During the year ended June 30, 2021, the Company incurred \$11,910 for rent charged by a significant shareholder of the Company. During the year ended June 30, 2020, the Company incurred \$138,985 for professional fees charged by Peterson McVicar LLP, a law firm of which Mr. Peterson, a director of the Company, is a partner.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Chief Executive Officer of the Company in order to request copies of the Financial Statements at 220 Bay Street, Suite 550, Toronto, Ontario M5J 2W4; Tel: (647) 557-3442 Fax: (647) 557-3448. Financial information

about the Company may be found in the Financial Statements and MD&A which is also available on the Company's SEDAR profile and website at <https://www.canstarresources.com/investors/financial-reports/>.

**APPROVAL**

The contents and the sending of the notice of meeting of the Company and this Circular to each Shareholder of the Company entitled thereto, each director of the Company, the auditors of the Company, and where required, all applicable securities regulatory authorities, have been approved by the Board.

**DATED** this 18<sup>th</sup> day of October, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Dennis Peterson"*

Dennis Peterson  
Chairman & Director

## APPENDIX “A”

### AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Canstar Resources Inc. (“**Canstar**” or the “**Corporation**”).

#### 1.0 Mandate

The Committee shall:

- (a) assist the Board in its oversight role with respect to the quality and integrity of the financial information;
- (b) assess the effectiveness of the Corporation’s risk management and compliance practices;
- (c) assess the independent auditor’s performance, qualifications and independence;
- (d) assess the performance of the Corporation’s internal audit function;
- (e) ensure the Corporation’s compliance with legal and regulatory requirements; and
- (f) prepare such reports of the Committee required to be included in any Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

#### 2.0 Composition and Membership

The Committee shall be composed of not less than three members, each of whom shall be a director of the Corporation. A majority of the members of the Committee shall not be an officer or employee of the Corporation. A majority of the members shall satisfy the applicable independence requirements, and all members shall satisfy the experience requirements, of the laws governing the Corporation, the applicable stock exchanges on which the Corporation’s securities are listed and applicable securities regulatory authorities.

Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

Members of the Committee shall be appointed or reappointed at the annual meeting of the Corporation and in the normal course of business will serve a minimum of three (3) years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Corporation a Chairman among their number. The Chairman shall not be a former executive Officer of the Corporation. Such Chairman shall serve as a liaison between members and senior management.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

- (a) a quorum for meetings shall be at least three members;
- (b) the Committee shall meet at least quarterly;
- (c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile,

email or other electronic communication to each member of the Committee at least twenty-four (24) hours in advance of such meeting;

- (d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

#### **4.0 Duties and Responsibilities**

##### ***4.1 Oversight of the Independent Auditor***

- (a) Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.
- (b) Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- (c) Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- (d) Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five (5) years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Corporation.
- (e) Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.
- (f) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
- (g) Review, as necessary, policies for the Corporation's hiring of partners, employees or former partners and employees of the independent auditor.

##### ***4.2 Financial Reporting***

- (a) Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.
- (b) Review and discuss with Management the Corporation's annual and quarterly disclosures made in

Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.

- (c) Review and discuss, with Management and the independent auditor, Management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on Management's assessment.
- (d) Review and discuss with Management the Corporation's quarterly financial statements prior to the publication of earnings.
- (e) Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
- (f) Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.
- (g) Discuss with the independent auditor at least annually any "Management" or "internal control" letters issued or proposed to be issued by the independent auditor to the Corporation.
- (h) Review and discuss with Management and the independent auditor at least annually any significant changes to the Corporation's accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.
- (i) Discuss with Management the Corporation's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.
- (j) Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
- (k) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.
- (l) Review disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Corporation's internal controls.
- (m) Discuss with the Corporation's General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

#### **4.3 Oversight of Risk Management**

- (a) Review and approve periodically Management's risk philosophy and risk management policies.
- (b) Review with Management at least annually reports demonstrating compliance with risk management policies.
- (c) Review with Management the quality and competence of Management appointed to administer risk management policies.
- (d) Review reports from the independent auditor at least annually relating to the adequacy of the Corporation's risk management practices together with Management's responses.
- (e) Discuss with Management at least annually the Corporation's major financial risk exposures and the steps Management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

#### **4.4 Oversight of Regulatory Compliance**

- (a) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (b) Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.
- (c) Meet with the Corporation's regulators, according to applicable law.
- (d) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

#### **5.0 Funding for the Independent Auditor and Retention of Other Independent Advisors**

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain and, at Canstar's expense, to set and pay the compensation for such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes. The Committee also has the authority to communicate directly with internal and external auditors.

#### **6.0 Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters**

1. The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "**Complaints Officer**") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis, prior to the

quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.

4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six (6) years following resolution of the complaint or submission.

#### **7.0 Procedures for Approval of Non-Audit Services**

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
  - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
  - (b) financial information systems design and implementation;
  - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
  - (d) actuarial services;
  - (e) internal audit outsourcing services;
  - (f) management functions;
  - (g) human resources;
  - (h) broker or dealer, investment adviser or investment banking services;
  - (i) legal services;
  - (j) expert services unrelated to the audit; and
  - (k) any other service that the Canadian Public Accountability Board determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

#### **8.0 Reporting**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

#### **9.0 Access to Information and Authority**

The Committee will be granted unrestricted access to all information regarding Canstar that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by members of the committee.

**10.0 Review of Charter**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: October 27, 2018

Approved by: Audit Committee

Board of Directors

**APPENDIX “B”**  
**STOCK OPTION PLAN**

[Please see attached].

**CANSTAR RESOURCES INC.**  
**INCENTIVE STOCK OPTION PLAN**

**Section 1      General Provisions**

**1.1      Interpretation**

For the purposes of this Plan, the following terms shall have the following meanings:

- (a)      “**Applicable Withholdings and Deductions**” has the meaning given to that term in Section 1.10;
- (b)      “**Associate**” has the meaning ascribed to that term such term in Policy 1.1 of the TSXV and any amendment thereto or replacement thereof;
- (c)      “**Associated Companies**”, “**Affiliated Companies**”, “**Controlled Companies**” and “**Subsidiary Companies**” have the meanings ascribed to those terms under Section 1(1) of the *Securities Act* (Ontario);
- (d)      “**Board**” has the meaning given to that term in Section 1.3(c);
- (e)      “**Business Day**” means any day other than a Saturday, Sunday or a statutory or civic holiday in Ontario;
- (f)      “**Cause**” means (i) if the Participant has a written employment agreement with the Corporation or a Subsidiary Company of the Corporation in which “cause” is defined, “cause” as defined therein; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Corporation’s reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Corporation; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;
- (g)      “**Certificate**” has the meaning given to that term in Section 1.3(d);
- (h)      “**Change of Control Event**” means:
  - (i)      The sale by the Corporation of all or substantially all of its assets;
  - (ii)     The acceptance by the Shareholders, representing in the aggregate fifty percent (50%) or more of all of the issued Common Shares, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Common Shares; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;
  - (iii)    The acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares acquired), directly or

indirectly, of beneficial ownership of such number of Common Shares or rights to Common Shares, which together with such person's then-owned Common Shares and rights to Common Shares, if any, represent (assuming the full exercise of such rights) fifty percent (50%) or more of the combined voting rights attached to the then-outstanding Common Shares;

- (iv) The entering into of any agreement by the Corporation to merge, consolidate, restructure, amalgamate, initiate an arrangement or be absorbed by, into or with another corporation; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;
  - (v) The passing of a resolution by the Board or Shareholders to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement); or
  - (vi) The circumstance in which individuals who were members of the Board immediately prior to a meeting of the Shareholders involving a contest for the election of directors no longer constitute a majority of the Board following such election;
- (i) “**Code**” has the meaning given to that term in Section 3.1;
  - (j) “**Common Shares**” means the common shares in the capital of the Corporation;
  - (k) “**Corporation**” means Canstar Resources Inc.;
  - (l) “**Consultant**” has the meaning given to such term in Policy 4.4;
  - (m) “**Consultant Company**” has the meaning given to such term in Policy 4.4;
  - (n) “**Disinterested Shareholder Approval**” means the approval of a majority of shareholders of the Corporation voting at a duly called and held meeting of such shareholders, excluding votes of Insiders to whom options may be granted under the Plan;
  - (o) “**Eligible Person**” means:
    - (i) any director, officer, employee or Consultant of the Corporation or any of its Subsidiary Companies; and
    - (ii) any Personal Holding Company;
  - (p) “**Eligible U.S. Participants**” has the meaning given to that term in Section 3.1;
  - (q) “**Exercise Price**” has the meaning given to that term in Section 2.2;
  - (r) “**Expiry Date**” has the meaning given to that term in Section 2.3(b);
  - (s) “**Good Reason**” means, in respect of an officer of the Corporation who has been granted Options under this Plan, solely one of the following events, without such officer’s written consent:

- (i) a material diminution in such officer's position, duties or authorities;
  - (ii) the assignment of any duties that are materially inconsistent with the officer's role as a senior executive; or
  - (iii) a material reduction in the officer's compensation, other than an across the board reduction of not more than 5% that is generally applicable to all executives.
- (t) **"Insider"** means:
- (i) an insider as defined under Section 1(1) of the *Securities Act* (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary Company of the Corporation, and
  - (ii) an associate as defined under Section 1(1) of the *Securities Act* (Ontario) of any person who is an insider by virtue of (i) above;
- (u) **"Investor Relations Activities"** has the meaning given to such term in Policy 1.1 of the TSXV and any amendment thereto or replacement thereof;
- (v) **"Market Price"** means:
- (i) prior to an initial public offering of the Common Shares, such price as is determined by the Board to constitute their fair market value, using such reasonable valuation mechanism as it selects; and
  - (ii) after an initial public offering of the Common Shares, the closing price of the Common Shares as reported on the TSXV on the last Business Day preceding the date on which the Option is granted by the Corporation (or, if such Common Shares are not then listed and posted for trading on the TSXV, on such stock exchange in Canada on which the Common Shares are listed and posted for trading as may be selected for such purpose by the Board); provided, however, that the Exercise Price of an Option shall not be less than the minimum Exercise Price required by the applicable rules of the TSXV. In the event that the Common Shares did not trade on such Business Day, the Market Price shall be the average of the bid and ask prices in respect of the Common Shares at the close of trading on such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of the Common Shares as determined by the Board in its sole discretion;
- (w) **"Option"** means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan;
- (x) **"Option Period"** has the meaning given to that term in Section 2.3(a);
- (y) **"Participant"** means an Eligible Person to whom Options have been granted;
- (z) **"Personal Holding Company"** means a personal holding corporation that is either wholly owned, or controlled by, the Participant, and the shares of which are held directly or indirectly by any of the Participant or the Participant's spouse, minor children and/or minor grandchildren;
- (aa) **"Plan"** means this Incentive Stock Option Plan of the Corporation;
- (bb) **"Policy 4.4"** means Policy 4.4 of the TSXV and any amendment thereto or replacement thereof;

- (cc) “**Share Compensation Arrangement**” means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;
- (dd) “**Shareholders**” means holders of Common Shares;
- (ee) “**Stock Exchange**” means the TSXV, and any other stock exchange on which the Common Shares are listed or traded;
- (ff) “**Termination Date**” means the date on which a Participant ceases to be an Eligible Person; and
- (gg) “**TSXV**” means the TSX Venture Exchange.

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## **1.2 Purpose**

The purpose of the Plan is to advance the interests of the Corporation by: (i) providing Eligible Persons with additional incentive; (ii) encouraging stock ownership by such Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation; (iv) encouraging Eligible Persons to remain with the Corporation or its Subsidiary Companies; and (v) attracting new directors, employees and officers.

## **1.3 Administration**

- (a) This Plan shall be administered by the Board.
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as hereinafter defined), all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to (i) construe and interpret this Plan and all agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.
- (c) The Board shall be permitted, through the establishment of appropriate procedures, to monitor the trading of Common Shares by persons who are performing Investor Relations Activities for the Corporation and who have been granted Options pursuant to this Plan.
- (d) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board and/or to any member of the Board. Whenever used herein, the term “**Board**” means the board of directors of the Corporation, and shall be deemed to include any committee or director to which the Board has, fully or partially, delegated the administration and operation of this Plan pursuant to this Section 1.3.

- (e) An Option shall be evidenced by an incentive stock option agreement certificate (“**Certificate**”), signed on behalf of the Corporation, which Certificate shall be in such form as the Board shall approve from time to time.
- (f) No member of the Board shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Options granted under it.

#### **1.4 Shares Reserved**

- (a) Subject to Section 1.4(d), the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Common Shares.
- (b) The Corporation shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Plan.
- (c) At such time as the Common Shares are listed on the TSXV, the aggregate number of Common Shares issuable under this Plan, and under all other Share Compensation Arrangements, shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time. Any Common Shares subject to an Option which for any reason is cancelled or terminated without having been exercised shall again be available for grants under the Plan, and under all other Share Compensation Arrangements. Any Common Shares subject to an Option which has been exercised by a Participant, shall again be available for grants under the Plan, and under all other Share Compensation Arrangements. Fractional shares will not be issued and will be treated as specified in Section 1.11(d).
- (d) If there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject where required to the prior approval of the Stock Exchange, appropriate substitution or adjustment in:
  - (i) the number or kind of Common Shares or other securities reserved for issuance pursuant to the Plan, and
  - (ii) the number and kind of Common Shares or other securities subject to unexercised Options theretofore granted and in the Exercise Price of such securities;

without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Common Share covered by the Option; provided, however, that no substitution or adjustment shall obligate the Corporation to issue or sell fractional shares. If the Corporation is reorganized, amalgamated with another corporation or consolidated, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

#### **1.5 Limits with Respect to Certain Persons**

- (a) The maximum number of Common Shares which may be issued to:
  - (i) any Consultant in any twelve (12) month period under this Plan may be no more than two percent (2%) of the outstanding Common Shares of the Corporation; and
  - (ii) all Persons conducting Investor Relations Activities for the Corporation in any twelve (12) month period may be, in aggregate, no more than two percent (2%) of the outstanding Common Shares of the Corporation,

less the aggregate number of shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation.

- (b) Options granted to Consultants conducting Investor Relations Activities for the Corporation shall vest over a period of not less than twelve (12) months with no more than twenty-five percent (25%) of the options vesting in any three (3) month period.
- (c) Options granted to Insiders are subject to section 1.6(e)(i) hereof;

## **1.6 Amendment and Termination**

- (a) The Board may from time to time, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and any Certificate relating thereto, provided that no such suspension, termination, amendment or revision will be made:
  - (i) except in compliance with applicable law and with the prior approval, if required, of the Stock Exchange or any other regulatory body having authority over the Corporation, the Plan or the Shareholders; and
  - (ii) in the case of an amendment or revision, if it materially adversely affects the rights of any Participant, without the consent of the Participant.
- (b) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board will remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.
- (c) Subject to any applicable rules of the Stock Exchange, the Board may from time to time, in its absolute discretion and without the approval of Shareholders, make the following amendments to the Plan or any Option:
  - (i) amend the vesting provisions of the Plan and any Certificate;
  - (ii) amend the Plan or an Option as necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body having authority over the Corporation, the Plan or the Shareholders;
  - (iii) any amendment of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan; and
  - (iv) any amendment respecting the administration of the Plan.
- (d) Shareholder approval is required for the following amendments to the Plan:
  - (i) any extension of the Expiry Date of an Option held by an Insider; and
  - (ii) any change that would materially modify the eligibility requirements for participation in the Plan.
- (e) Disinterested Shareholder Approval is required for the following amendments to the Plan:

- (i) any individual stock option grant that would result in the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of Options exceeding ten percent (10%) of the issued Common Shares, calculated on the date an Option is granted to any Insider; and
- (ii) any individual stock option grant that would result in the number of Common Shares issued to any individual in any twelve (12) month period under this Plan exceeding five percent (5%) of the issued Common Shares of the Corporation, less the aggregate number of shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation; and
- (iii) any amendment to Options held by Insiders that would have the effect of decreasing the exercise price of the Options; and
- (iv) any individual stock option grant requiring Shareholder approval pursuant to section 3.9(e) of Policy 4.4.

For the purposes of the limitations set forth in items (i) and (iii), Options held by an Insider at any point in time that were granted to such Participant prior to it becoming an Insider shall be considered Options granted to an Insider irrespective of the fact that the Participant was not an Insider at the time of grant.

## **1.7 Compliance with Legislation**

- (a) The Plan (including an amendment to the Plan), the terms of the issue or grant of any Option under the Plan, the grant and exercise of Options hereunder, and the Corporation's obligation to sell and deliver Common Shares upon the exercise of Options, shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obliged by any provision of the Plan or the grant of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (b) No Option shall be granted, and no Common Shares issued hereunder, where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or purported issue of Common Shares hereunder in violation of this provision shall be void.
- (c) The Corporation shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Common Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.
- (d) If Common Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Corporation to issue such Common Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.

## **1.8 Effective Date**

The Plan shall be effective upon the approval of the Plan by:

- (i) The Stock Exchange and any other exchange upon which the Common Shares of the Corporation may be posted or listed for trading, and shall comply with the requirements from time to time of the Stock Exchange; and
- (ii) the Shareholders, by written resolution signed by all Shareholders or given by the affirmative vote of a majority of the votes attached to the Common Shares entitled to vote and be represented and voted at an annual or special meeting of Shareholders held, among other things, to consider and approve the Plan.

### **1.9 Proceeds from Exercise of Options**

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

### **1.10 Tax Withholdings**

Notwithstanding any other provision contained herein, in connection with the exercise of an Option by a Participant from time to time, as a condition to such exercise (i) the Corporation shall require such Participant to pay to the Corporation or the relevant Subsidiary Company an amount as necessary so as to ensure that the Corporation or such Subsidiary Company, as applicable, is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions (the “**Applicable Withholdings and Deductions**”) relating to the exercise of such Options; or (ii) in the event a Participant does not pay the amount specified in (i), the Corporation shall be permitted to engage a broker or other agent, at the risk and expense of the Participant, to sell an amount of underlying Common Shares issuable on the exercise of such Option through the facilities of the Stock Exchange, and to apply the cash received on the sale of such underlying Common Shares as necessary so as to ensure that the Corporation or the relevant Subsidiary Company, as applicable, is in compliance with the Applicable Withholdings and Deductions relating to the exercise of such Options. In addition, the Corporation or the relevant Subsidiary Company, as applicable, shall be entitled to withhold from any amount payable to a Participant, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation or the relevant Subsidiary Company is in compliance with Applicable Withholdings and Deductions relating to the exercise of such Options.

### **1.11 Miscellaneous**

- (a) Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or compensation arrangements, subject to any required approval.
- (b) The Corporation may only grant options pursuant to resolutions of the Board.
- (c) In determining options to be granted to Participants, the Board shall give due consideration to the value of each such Participant’s present and potential contribution to the success of the Corporation.
- (d) Nothing contained in the Plan nor in any Option granted thereunder shall be deemed to give any Participant any interest or title in or to any Common Shares or any rights as a Shareholder or any other legal or equitable right against the Corporation or any of its Subsidiary Companies whatsoever other than as set forth in the Plan and pursuant to the exercise of any Option.
- (e) The Plan does not give any Participant or any employee of the Corporation or any of its Associated Companies, Affiliated Companies, Subsidiary Companies or Controlled Companies the right or obligation to or to continue to serve as a Consultant, director, officer

or employee, as the case may be, to or of the Corporation or any of its Associated Companies, Affiliated Companies, Subsidiary Companies or Controlled Companies. The awarding of Options to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Corporation other than as specifically provided for in the Plan. The grant of an Option to, or the exercise of an Option by, a Participant under the Plan does not create the right for such Participant to receive additional grants of Options hereunder.

- (f) No fractional Common Shares shall be issued upon the exercise of options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the exercise of an Option, or from an adjustment pursuant to Section 1.4(d) such Participant shall only have the right to purchase the next lowest whole number of Common Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (g) The Corporation makes no representation or warranty as to the future market value of the Common Shares or with respect to any income tax matters affecting the Participant resulting from the grant or exercise of an Option and/or transactions in the Common Shares. Neither the Corporation, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Common Shares hereunder, with respect to any fluctuations in the market price of Common Shares or in any other manner related to the Plan.
- (h) This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (i) If any provision of this Plan shall be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Plan and the remaining provisions shall continue in full force and effect.
- (j) This Plan constitutes the entire stock option plan for the Corporation and its Participants and supersedes any prior stock option plans for such persons.

## **Section 2 Options**

### **2.1 Grants**

- (a) Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in Section 1.3(b) and Section 2.3 hereof, applicable to the exercise of an Option. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.
- (b) The Board may, in its discretion, select any directors, officers, employees or Consultants of or to the Corporation or Subsidiary Companies of the Corporation to participate in this Plan.
- (c) For Options granted to employees of the Corporation, Consultants or individuals employed by a company or individual providing management services to the Corporation, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a bona fide employee of the Corporation, Consultant or individual employed by a company or individual providing management services to the Corporation, as the case may be.

- (d) The Board may from time to time, in its discretion, grant Options to any Participant upon the terms, conditions and limitations set forth herein and such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine, provided that Options granted to any Participant shall be approved by the Shareholders if the rules of the Stock Exchange require such approval.

## 2.2 Exercise Price

- (a) An Option may be exercised at a price (the “**Exercise Price**”) that shall be fixed by the Board at the time that the Option is granted, but in no event shall it be less than the Market Price. The Exercise Price shall be subject to adjustment in accordance with the provisions of Section 1.4(d) hereof.
- (b) if Options are granted within ninety (90) days of a distribution (the “**Distribution Period**”) by the Corporation by prospectus, the minimum exercise price per Common Share of those options will be the greater of the Market Price and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. The Distribution Period shall begin:
  - (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; and
  - (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

## 2.3 Exercise of Options

- (a) The period during which an Option may be exercised (the “**Option Period**”) shall be determined by the Board at the time the Option is granted, subject to any vesting limitations that may be imposed by the Board in its sole and unfettered discretion at the time such Option is granted, provided that:
  - (i) no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted;
  - (ii) the Option Period shall be automatically reduced in accordance with Section 2.3(g) below upon the occurrence of any of the events referred to therein; and
  - (iii) no Option in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be exercisable until such time as such Option has been approved by the Shareholders.
- (b) Notwithstanding any other provision of the Plan, if the date that any vested Option ceases to be exercisable (the “**Expiry Date**”) falls on, or within nine (9) Business Days immediately following, a date upon which such Participant is prohibited from exercising such Option due to a black-out period or other trading restriction imposed by the Corporation, then the Expiry Date of such Option shall be automatically extended to the tenth (10<sup>th</sup>) Business Day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed.
- (c) Notwithstanding any other provision of this Plan, in the event of an actual or potential Change of Control Event, the Board may, in its discretion, without the necessity or requirement for the agreement of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Option; (ii) permit the conditional exercise of any Option, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the Option, including for

greater certainty permitting Participants to exercise any Option, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; (iv) permit the exchange for or into any other security or any other property or cash, any Option that has not been exercised without regard to any vesting conditions attached thereto; and (iv) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the Options not exercised prior to the successful completion of such Change of Control Event. In addition, in the event of an actual or potential Change of Control Event, the Board, or any company which is or would be the successor to the Corporation or which may issue securities in exchange for Common Shares upon such Change of Control Event becoming effective, may in its discretion, without the necessity or requirement for the agreement of any Participant, issue a new or replacement options over any securities into which the Options are exercisable, on a basis proportionate to the number of Common Shares underlying such Option and at a proportionate Exercise Price (and otherwise substantially upon the terms of the Option being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the Option may be exercised and expiry dates; and in such event, the Participant shall be deemed to have released his or her Option over the Common Shares and such Option shall be deemed to have lapsed and be cancelled.

- (d) Notwithstanding any other provision of this Plan, in the event that:
- (i) an actual or potential Change of Control Event is not completed within the time specified therein; or
  - (ii) all of the Common Shares subject to an Option that were tendered by a Participant in connection with an actual or potential Change of Control Event are not taken up or paid for by the offeror in respect thereof,

then the Board may, in its discretion, without the necessity or requirement for the agreement of any Participant, permit the Common Shares received upon such exercise, or in the case of Subsection (ii) above the Common Shares that are not taken up and paid for, to be returned by the Participant to the Corporation and reinstated as authorized but unissued Common Shares and, with respect to such returned Common Shares, the related Options may be reinstated as if they had not been exercised and the terms for such Options becoming vested will be reinstated pursuant to this Section 2.3. If any Common Shares are returned to the Corporation under this Section 2.3, the Corporation will immediately refund the Exercise Price to the Participants for such Common Shares.

- (e) Options shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.
- (f) Provided that the Common Shares are listed on the TSXV, if the Participant is a company, including a Consultant Company, the company shall not be permitted to effect or permit any transfer of ownership or option of shares of the company nor to issue further shares of any class of the company to any individual or entity as long as the options remain outstanding, except where the written consent of the TSXV has been obtained.
- (g) Subject to Section 2.3(a) and except as otherwise determined by the Board:
  - (i) if a Participant who is a non-executive director of the Corporation ceases to be an Eligible Person as a result of his or her retirement from the Board, each unvested Option held by such Participant shall automatically vest on the date of his or her retirement from the Board, and thereafter each vested Option held by such Participant

will cease to be exercisable on the earlier of the original Expiry Date of the Option and one (1) year after the date of his or her retirement from the Board;

- (ii) if the Board service, consulting relationship, or employment of a Participant with the Corporation or a Subsidiary Company is terminated for Cause, each vested and unvested Option held by the Participant will automatically terminate and become void on the Termination Date;
  - (iii) if a Participant dies, the legal representative of the Participant may exercise the Participant's vested Options for a period until the earlier of the original Expiry Date of the Option and twelve (12) months after the date of the Participant's death, but only to the extent the Options were by their terms exercisable on the date of death. For greater certainty, all unvested Options held by a Participant who dies shall terminate and become void on the date of death of such Participant;
  - (iv) if a Participant ceases to be an Eligible Person for any reason whatsoever other than in (i) to (iv) above, each vested Option held by the Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and six (6) months after the Termination Date; provided that all unvested Options held by such Participant shall automatically terminate and become void on the Termination Date of such Participant. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant; and
  - (v) notwithstanding any provision in this Section 2.3(g) to the contrary, if a Participant who is an officer of the Corporation ceases to be an Eligible Person as a result of such officer's termination without Cause or resignation for Good Reason, any unvested Options as of the date of termination will be accelerated and become immediately fully vested as of such date. Such options will be exercisable by the officer for a period of up to one (1) year following the date of termination.
- (h) The Exercise Price of each Common Share purchased under an Option shall be paid in full in cash or by bank draft or certified cheque at the time of such exercise, and upon receipt of payment in full, the number of Common Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.
  - (i) Upon the exercise of Options pursuant to this section, the Corporation shall forthwith deliver, or cause the registrar and transfer agent of the Common Shares to deliver, to the relevant Participant (or his or her legal or personal representative) or to the order thereof, a certificate representing the number of Common Shares with respect to which Options have been exercised.
  - (j) Subject to the other provisions of this Plan and any vesting limitations imposed by the Board at the time of grant, Options may be exercised, in whole or in part, at any time or from time to time, by a Participant by written notice given to the Corporation as required by the Board from time to time.

## **2.4 Notice**

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by facsimile transmission addressed, if to the Corporation, to the office of the Corporation in Toronto, Ontario, Attention: Christos Doulis, President & Chief Executive Officer; or if to a Participant, to such Participant at his address as it appears on the books of the Corporation or

in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

## **2.5 Rights of Participants**

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a Shareholder in respect of any underlying Common Shares issuable upon exercise of such Option, including without limitation, the right to participate in any new issue of Common Shares to existing holders of Common Shares, until such Option has been exercised and such underlying Common Shares have been paid for in full and issued to such person.

## **2.6 Right to Issue Other Shares**

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure.

## **2.7 Quotation of Common Shares**

So long as the Common Shares are listed on the TSXV, the Corporation must apply to the TSXV for the listing or quotation of the Common Shares issued upon the exercise of all Options granted under the Plan, however, the Corporation cannot guarantee that such Common Shares will be listed or quoted on the TSXV.

## **2.8 Effective Date**

This Plan shall be effective on September 5, 2018, subject to shareholder approval and ratification by ordinary resolution at the Corporation's next annual meeting of shareholders.

## **Section 3 Special Rules for U.S. Eligible Persons**

### **3.1 Section 409A Compliance**

Notwithstanding any other provision of this Plan, the following special rules will apply to all Eligible Persons ("**Eligible U.S. Participants**") who are subject to U.S. income tax with respect to Options issued under the Plan to them:

- (a) All Options granted under this Plan to Eligible U.S. Participants are intended to be exempt from Section 409A of the United States Internal Revenue Code of 1986, as amended (the "**Code**") and will be construed accordingly. However, the Corporation will not be liable to any Eligible U.S. Participant or beneficiary with respect to any adverse tax consequences arising under Section 409A or other provision of the Code; and
- (b) The Exercise Price for all Options granted to Eligible U.S. Participants shall in no event be less than the greater of (i) the Market Price; and (ii) the closing price of the Common Shares as reported on the TSX on the business day immediately preceding the day on which the Option is granted.

## STOCK OPTION AGREEMENT

This Stock Option Agreement is dated this ● day of ●, 20● between Canstar Resources Inc. (the "Corporation") and [Name] (the "Optionee").

**WHEREAS** the Optionee has been granted certain options ("Options") to acquire common shares in the capital of the Corporation ("Common Shares") under the Canstar Resources Inc. Incentive Stock Option Plan (the "Option Plan"), a copy of which has been provided to the Eligible Optionee;

**AND WHEREAS** capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Option Plan;

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Corporation confirms that the Optionee has been granted Options under the Option Plan on the following basis, subject to, the terms and conditions of the Option Plan:

| DATE OF GRANT | NUMBER OF OPTIONS | EXERCISE PRICE (CDN\$) | VESTING SCHEDULE | EXPIRY DATE |
|---------------|-------------------|------------------------|------------------|-------------|
| ●             | ●                 | ●                      | ●                | ●           |

2. Attached to this Agreement as Schedule "A" is a form of notice that the Optionee may use to exercise any of his or her Options in accordance with Section 2.3 of the Option Plan at any time and from time to time prior the Expiry Date of such Options.
3. By signing this Stock Option Agreement, the Optionee acknowledges that he or she has read and understands the Option Plan and agrees to the terms and conditions thereof and of this Stock Option Agreement.
4. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Time shall be of the essence of this Agreement. This Agreement shall enure to the benefit of and shall be binding upon the parties and their heirs, attorneys, guardians, estate trustees, executors, trustees and administrators and the successors of the Corporation.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement.

**CANSTAR RESOURCES INC.**

\_\_\_\_\_  
Name of Optionee:

\_\_\_\_\_  
Authorized Signing Officer

**Schedule "A"**  
**ELECTION TO EXERCISE STOCK OPTIONS**

**TO: CANSTAR RESOURCES INC. (THE "CORPORATION")**

The undersigned option holder hereby irrevocably elects to exercise options ("**Options**") granted by the Corporation to the undersigned pursuant to a Stock Option Agreement dated ●, 20● for the number of common shares in the capital of the Corporation ("**Common Shares**") as set forth below:

Number of Common Shares to be Acquired: \_\_\_\_\_

Option Exercise Price (per Common Share): \$ \_\_\_\_\_

Aggregate Purchase Price: \$ \_\_\_\_\_

Amount enclosed that is payable on account of withholding of tax or other required deductions relating to the exercise of the Options (contact the Corporation for details of such amount)(the "**Applicable Withholdings and Deductions**"): \$ \_\_\_\_\_

Or check here if alternative arrangements have been made with the Corporation with respect to the payment of Applicable Withholdings and Deductions;

and hereby tenders a certified cheque or bank draft for such Aggregate Purchase Price, and, if applicable, Applicable Withholdings and Deductions, and directs such Common Shares to be registered and a certificate therefore to be issued in the name of \_\_\_\_\_.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

**APPENDIX "C"**

**ADVANCE NOTICE BY-LAW**

[Please see attached].

**CORPORATE BY-LAWS**

**CANSTAR RESOURCES INC.  
(the “Corporation”)**

**BY-LAW NO. 2**

**Advance Notice Requirement  
for the Nomination of Directors**

The purpose of this By-Law No. 2 is to ensure that shareholder meetings are conducted in an orderly and efficient manner and that all shareholders have access to the same information pertaining to all directors nominated for election so they may cast an informed vote. This section imposes certain deadlines by which shareholders submitting a nominee must provide the required information for such nomination to be eligible for election at a general or special meeting of shareholders.

BE IT ENACTED as a by-law of Canstar Resources Inc. (the “Corporation”) as follows:

1. In this by-law:

- (a) “Act” means the Business Corporations Act (Ontario), and the regulations thereunder, as amended from time to time;
- (b) “Affiliate” means, in respect of any person, any other person that, directly or indirectly, controls, is controlled by or is under common control with the first mentioned person; and “control” means, with respect to the definition of “Affiliate”, the possession, directly or indirectly, by a person or group of persons acting in concert of the power to direct or cause the direction of the management and policies of another person, whether through the ownership of voting securities, contract, as a partner or general partner, or otherwise;
- (c) “Applicable Securities Laws” means the applicable securities legislation of each province and territory of Canada, as amended from time to time, the rules and regulations made or promulgated under any such statute, and the national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province and territory of Canada;
- (d) “Articles” means the articles of the Corporation, as amended or restated from time to time;
- (e) “Board” means the board of directors of the Corporation;
- (f) “Business Day” means any day except Saturday, Sunday, any statutory holiday in the Province of Ontario, or any other day on which the principal chartered banks in the City of Toronto are closed for business.
- (g) “NI 54-101” means National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer, as amended, supplemented, restated or replaced from time to time;
- (h) “Notice Date” means the date the Public Announcement of an annual shareholder meeting or special shareholder meeting (which is not also an annual shareholder meeting), as applicable, is made; and
- (i) “Public Announcement” means the filing under the Corporation’s profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com) of the notification of meeting and record date required by section 2.2 of NI 54-101.

2. Subject only to the Act, the Articles and any other by-law of the Corporation, only persons who are nominated in accordance with this by-law shall be eligible for election as directors of the Corporation.
3. At any annual meeting of shareholders or any special meeting of shareholders (where one of the purposes for which such special meeting was called was the election of directors), nominations of persons for election to the Board may be made:
  - (a) by or at the direction of the Board or an authorized officer of the Corporation;
  - (b) by one or more shareholders pursuant to a “**proposal**” (as provided in section 99(1) of the Act) made in accordance with the provisions of section 99 of the Act, or a requisition by one or more of the shareholders made in accordance with the provisions of section 105 of the Act; or
  - (c) by any person (a “**Nominating Shareholder**”) who at the close of business on the date of the giving of the notice provided for below and at the close of business on the record date for notice of such meeting, is a registered or beneficial holder of one or more shares carrying the right to vote at such meeting, and who complies with the timing and notice procedures set forth below in this by-law.
4. In addition to any other requirements under applicable law, the Articles and any other by-law of the Corporation, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with section 5. and in proper written form (in accordance with section 6. to the Secretary of the Corporation.
5. To be timely, a Nominating Shareholder’s notice to the Secretary of the Corporation must be made:
  - (a) in the case of an annual meeting of shareholders, not fewer than 30 days nor more than 65 days prior to the date of the annual meeting of shareholders (but in any event, not prior to the Notice Date); provided, however, that in the event such meeting is called for a date that is fewer than 50 days after the Notice Date, notice by the Nominating Shareholder must be made not later than the close of business on the 10th day following the Notice Date; or
  - (b) in the case of a special meeting of shareholders (which is not also an annual shareholder meeting) called for the purpose of electing directors (whether or not also called for other purposes), not later than the close of business on the 15th day following the Notice Date.
6. To be in proper written form, a Nominating Shareholder’s notice to the Secretary of the Corporation must set forth:
  - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, citizenship, business address and residential address of the person; (ii) the principal occupation or employment of the person; (iii) the class or series and number of shares in the capital of the Corporation which are controlled or directed or which are owned beneficially, directly or indirectly, or of record by the person as of the record date for notice of the meeting of shareholders (if such date shall have occurred) and as of the date of such notice; and (iv) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
  - (b) as to the Nominating Shareholder (which, for the purpose of this subsection 6(a), includes the Nominating Shareholder’s Affiliates): (i) the class or series and number of shares in the capital of the Corporation which are controlled or directed or which are owned beneficially, directly or indirectly, or of record by the Nominating Shareholder as of the record date for notice of the meeting of shareholders (if such date shall have occurred) and as of the date of such notice; (ii) full particulars regarding any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation; (iii) full particulars of any derivatives, hedges or other economic or voting interests (including short positions) relating to the Nominating Shareholder’s interest in shares in the capital of the Corporation; and (iv) any other

information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee. The Corporation may also require any proposed nominee to provide the Corporation with a written consent to be named as a nominee and to act as a director, if elected.

7. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this by-law; provided, however, that nothing in this by-law shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairman of the meeting.
8. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this by-law and, if any proposed nomination is not in compliance with the procedures set forth in this by-law, to declare that such defective nomination shall be disregarded.
9. Notice given to the Secretary of the Corporation pursuant to this by-law may only be given by personal delivery, facsimile or email (at such fax number or email address as set forth on the Corporation's profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com)), and shall be deemed to have been given and made (i) if personally delivered, only at the time it is served by personal delivery to the Secretary of the Corporation at the principal executive office of the Corporation or (ii) if transmitted by facsimile or email, if sent before 5:00 p.m. (Toronto time) on a Business Day, on such Business Day, and otherwise on the next Business Day.
10. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this by-law.
11. This by-law shall come into force when enacted by the Board in accordance with the Act.

**MADE** by the Directors the 18<sup>th</sup> day of October, 2021.

(Signed) "Robert Bruggeman"  
PRESIDENT & CEO

**CONFIRMED** by the Shareholders the 29<sup>th</sup> day of November, 2021.

\_\_\_\_\_  
PRESIDENT & CEO