



**Southern
Empire**

RESOURCES
CORP.

TSX-V: SMP
FRANKFURT: 5RE
OTCQB: SMPEF

SOUTHERN EMPIRE RESOURCES CORP.

Suite 420 – 789 West Pender Street, Vancouver, BC V6C 1H2

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 27, 2023**

AND

MANAGEMENT INFORMATION CIRCULAR

May 19, 2023

This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Notice of Annual General Meeting of Shareholders or this Management Information Circular, you should immediately contact your advisor.

SOUTHERN EMPIRE RESOURCES CORP.
Suite 420 - 789 West Pender Street, Vancouver, BC V6C 1H2

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders (“**Shareholders**”) of Southern Empire Resources Corp. (“**Southern Empire**” or the “**Company**”) will be held at Suite 704 – 595 Howe Street, Vancouver, BC V6C 2T5 on Tuesday, June 27, 2023 at 10:00 a.m. (Vancouver Time) (the “**Meeting**”) for the following purposes:

1. to fix the number of directors of Southern Empire at six (6);
2. to elect Dale Wallster, James Currie, Andrew Davidson, P.E. (Ted) Kavanagh, Alex Heath and Joel Dryer as directors of Southern Empire for the ensuing year;
3. to appoint Davidson & Company LLP, Professional Chartered Accountants, as the auditors of Southern Empire for the ensuing year and to authorize the directors of the Company to fix the remuneration to be paid to the auditors;
4. to consider, and if thought fit, to pass an ordinary resolution approving, confirming and ratifying the Company’s 10% rolling stock option plan, as more particularly described in the accompanying Management Information Circular (the “**Information Circular**”);
5. to receive the audited financial statements of Southern Empire for the financial year ended October 31, 2022, and the accompanying report of the auditors; and
6. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

The Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Annual General Meeting of Shareholders.

The Company’s board of directors has fixed May 19, 2023 as the record date for the determination of Shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered Shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the Information Circular.

If you will not be attending the Meeting, registered Shareholders need to complete, date and sign the accompanying form of proxy and deposit it with the Company’s transfer agent, Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor, Vancouver, BC V6C 3B9 in accordance with the instructions therein, no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof.

If you are a non-registered Shareholder, please complete and return the materials in accordance with the instructions set forth in the accompanying Information Circular.

DATED at Vancouver, British Columbia, this 19th day of May 2023.

ON BEHALF OF THE BOARD

“Dale Wallster”
Dale Wallster
President, Chief Executive Officer and Director

SOUTHERN EMPIRE RESOURCES CORP.
Suite 420, 789 West Pender Street, Vancouver, BC, Canada V6C 1H2

**MANAGEMENT INFORMATION CIRCULAR
FOR
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 27, 2023**

This Management Information Circular (this “Information Circular”) contains information as at May 19, 2023, unless specifically stated otherwise.

INTRODUCTION

Southern Empire Resources Corp. (“**Southern Empire**” or the “**Company**”) is providing this Information Circular and a form of proxy in connection with the solicitation by the management of Southern Empire (the “**Management**”) of proxies for use at the annual general meeting (the “**Meeting**”) of the Shareholders of the Company to be held at Suite 704 – 595 Howe Street, Vancouver, BC V6C 2T5 on Tuesday, June 27, 2023 at 10:00 a.m. (Vancouver Time).

The date of this Information Circular is May 19, 2023. Unless otherwise stated, all amounts herein are in Canadian dollars. All references to Shareholders are to registered holders of common shares of Southern Empire (the “**Common Shares**”), unless specifically stated otherwise.

MANAGEMENT SOLICITATION OF PROXIES

The solicitation of proxies by the Management will be conducted by mail and may be supplemented by telephone or other personal contact to be made, without special compensation, by the directors, officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company may reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The Company will bear the cost of the solicitation.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder’s behalf in accordance with the instructions given by the Shareholder named in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the “**Management Proxyholders**”).

A Shareholder has the right to appoint a person other than a Management Proxyholder, to represent the Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Shareholder.

VOTING BY PROXY

Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the accompanying Notice of Annual General Meeting of Shareholders (the "Notice") in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice and in favour of all other matters proposed by Management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, the Management knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of Southern Empire's registrar and transfer agent, Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor, Vancouver, BC V6C 3B9, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

Only Shareholders whose names appear on the records of Southern Empire as the registered holders of Shares or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders are "non-registered" Shareholders because the Shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the Shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your Shares through a broker, you are likely a non-registered holder.

If you, as a non-registered holder, wish to vote at the Meeting, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners" ("NOBOs"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("OBOs").

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") of the Canadian Securities Administrators, the Company has elected to send the Meeting materials directly to NOBOs.

If Southern Empire or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

The Company is not sending the Meeting materials to Shareholders using "notice-and-access", as defined under NI 54-101.

REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a Shareholder, his attorney authorized in writing or, if the Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Southern Empire is authorized to issue an unlimited number of Common Shares without par value and an unlimited number of preferred shares. As at May 19, 2023, 67,022,800 Common Shares were issued and outstanding. To date, the Company has not issued any preferred shares. Persons who are registered Shareholders at the close of business on May 19, 2023 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Common Share held.

Other than as set at below, as at the date hereof, to the knowledge of the directors and executive officers of Southern Empire, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company:

Name of Shareholder	Number of Common Shares Held	Percentage of Outstanding Common Shares
Eros Resources Corp. ⁽¹⁾	9,402,941	14.03%

Note:

- (1) Eros Resources Corp. is a company listed on the TSX Venture Exchange, of which Ronald Netolitzky, the Chairman and a director of the Company, acts as the President, Chief Executive Officer and a director and Andrew Davidson, the Chief Financial Officer, Corporate Secretary and a director of the Company, acts as the Chief Financial Officer and Corporate Secretary.

STATEMENT OF EXECUTIVE COMPENSATION

General

The following information, dated as of May 19, 2023, is provided as required under Form 51-102F6V – Statement for Executive Compensation – Venture Issuers (the “**Form 51-102F6V**”), as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*.

For the purposes of this Form:

“**CEO**” means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**company**” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**named executive officer**” or “**NEO**” means each of the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

During the financial year ended October 31, 2022, the Company had two NEOs, namely:

- (i) Dale Wallster, the Chief Executive Officer, President and a director of the Company; and
- (ii) Andrew Davidson, the Chief Financial Officer, Secretary and a director of the Company.

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table (presented in accordance with Form 51-102F6V) excluding options (the “**Options**”) and other compensation securities of the Company, provides a summary of the compensation paid by the Company to each NEO and director of the Company for the financial years ended October 31, 2022 and October 31, 2021. Options and other compensation securities are disclosed under the heading “*Stock Options and Other Compensation Securities and Instruments*” below.

Table of compensation <u>excluding</u> compensation securities							
Name and position	Financial Year Ended	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Dale Wallster ⁽¹⁾ <i>CEO, President and director</i>	2022	180,000 ⁽⁹⁾	-	-	-	-	180,000
	2021	180,000 ⁽⁹⁾	-	-	-	-	180,000
Andrew Davidson ⁽²⁾ <i>CFO, Secretary and director</i>	2022	96,000 ⁽¹⁰⁾	-	-	-	-	96,000
	2021	96,000 ⁽¹⁰⁾	-	-	-	-	96,000
Ronald Netolitzky ⁽³⁾ <i>Chairman and director</i>	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	- ⁽¹¹⁾
James Currie ⁽⁴⁾ <i>Director</i>	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-
P.E. (Ted) Kavanagh ⁽⁵⁾ <i>Director</i>	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-
Alex Heath ⁽⁶⁾ <i>Director</i>	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-
Latika Prasad ⁽⁷⁾ <i>Former director</i>	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	-	-	-	-	-	-

Notes:

- (1) Mr. Wallster was appointed as the Chief Executive Officer, President and a director of the Company on March 18, 2020.
- (2) Mr. Davidson was appointed as the Chief Financial Officer and Secretary of the Company on March 18, 2020 and as a director of the Company on October 26, 2020.
- (3) Mr. Netolitzky was appointed as the Chairman and a director of the Company on March 18, 2020.
- (4) Mr. Currie was appointed as a director of the Company on March 18, 2020.
- (5) Mr. Kavanagh was appointed as a director of the Company on June 10, 2021.
- (6) Mr. Heath was appointed as a director of the Company on February 15, 2021.
- (7) Ms. Prasad was appointed as a director of the Company on March 18, 2020 and resigned as a director of the Company on June 10, 2021.
- (8) Consulting fees paid to Mulgravian Ventures Corporation, a company wholly controlled by Mr. Wallster, in respect of management services provided by Mr. Wallster to the Company.
- (9) Consulting fees paid to Jaelky Holdings Inc., a company in which Mr. Davidson has a controlling interest, in respect of management services provided by Mr. Davidson to the Company.
- (10) In addition, during the financial year ended October 31, 2021, Mr. Netolitzky received from the Company \$100,000 in cash pursuant to the Option Agreement (as defined herein). See “*Interest of Informed Person in Material Transactions*” below.

Stock Options and Other Compensation Securities and Instruments

The following table of compensation securities provides a summary of all compensation securities granted, or issued by the Company to each NEO and director of the Company for the financial year ended October 31, 2022, for services provided, directly or indirectly, to the Company.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Dale Wallster ⁽¹⁾ <i>CEO, President and director</i>	Options	100,000	Jan 18, 2022	0.11	0.11	0.10	Jan. 18, 2027
Andrew Davidson ⁽²⁾ <i>CFO, Secretary and director</i>	Options	100,000	Jan 18, 2022	0.11	0.11	0.10	Jan. 18, 2027
Ronald Netolitzky ⁽³⁾⁽⁷⁾ <i>Chairman and director</i>	Options	100,000	Jan 18, 2022	0.11	0.11	0.10	Jan. 18, 2027
James Currie ⁽⁴⁾ <i>Director</i>	Options	100,000	Jan 18, 2022	0.11	0.11	0.10	Jan. 18, 2027
P.E. (Ted) Kavanagh ⁽⁵⁾ <i>Director</i>	Options	100,000	Jan 18, 2022	0.11	0.11	0.10	Jan. 18, 2027
Alex Heath ⁽⁶⁾ <i>Director</i>	Options	100,000	Jan 18, 2022	0.11	0.11	0.10	Jan. 18, 2027

Notes:

- (1) Mr. Wallster was appointed as the Chief Executive Officer, President and a director of the Company on March 18, 2020.
- (2) Mr. Davidson was appointed as the Chief Financial Officer and Secretary of the Company on March 18, 2020 and as a director of the Company on October 26, 2020.
- (3) Mr. Netolitzky was appointed as the Chairman and a director of the Company on March 18, 2020.
- (4) Mr. Currie was appointed as a director of the Company on March 18, 2020.
- (5) Mr. Kavanagh was appointed as a director of the Company on June 10, 2021.
- (6) Mr. Heath was appointed as a director of the Company on February 15, 2021.
- (7) In addition, Mr. Netolitzky received 2,000,000 Common Shares at a deemed price of \$0.10 per Common Share on September 15, 2022 pursuant to the Option Agreement. See "Interest of Informed Person in Material Transactions" below.

During the financial year ended October 31, 2022, other than as disclosed below, no NEO or director of the Company exercised any compensation securities of the Company.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Dale Wallster ⁽¹⁾ <i>CEO, President and director</i>	Options	100,000	0.11	Feb. 15, 2023	0.17	0.06	6,000
Andrew Davidson ⁽²⁾ <i>CFO, Secretary and director</i>	Options	100,000	0.11	Mar. 24, 2023	0.14	0.03	3,000
Ronald Netolitzky ⁽³⁾ <i>Chairman and director</i>	Options	Nil	-	-	-	-	-
James Currie ⁽⁴⁾ <i>Director</i>	Options	Nil	-	-	-	-	-
P.E. (Ted) Kavanagh ⁽⁵⁾ <i>Director</i>	Options	Nil	-	-	-	-	-
Alex Heath ⁽⁶⁾ <i>Director</i>	Options	Nil	-	-	-	-	-

Notes:

- (1) Mr. Wallster was appointed as the Chief Executive Officer, President and a director of the Company on March 18, 2020.
- (2) Mr. Davidson was appointed as the Chief Financial Officer and Secretary of the Company on March 18, 2020 and as a director of the Company on October 26, 2020.
- (3) Mr. Netolitzky was appointed as the Chairman and a director of the Company on March 18, 2020.
- (4) Mr. Currie was appointed as a director of the Company on March 18, 2020.
- (5) Mr. Kavanagh was appointed as a director of the Company on June 10, 2021.
- (6) Mr. Heath was appointed as a director of the Company on February 15, 2021.

Employment, Consulting and Management Agreements

Other than as disclosed below and elsewhere in this Information Circular, the Company did not have any contracts, agreements, plans or arrangements that provide for compensation to its Named Executive Officers or directors during the financial year ended October 31, 2022.

Messrs. Wallster and Davidson are not employees of the Company. The Company pays consulting fees to (i) Mulgravian Ventures Corporation, a company wholly controlled by Mr. Wallster, in respect of management services provided by Mr. Wallster to the Company; and (ii) Jaelky Holdings Inc., a company in which Mr. Davidson has a controlling interest, in respect of management services provided by Mr. Davidson to the Company.

Oversight and Description of Director and NEO Compensation

The Company does not have a separate compensation committee. As such, the entire board of directors of the Company (the “Board”) is responsible for, among other things, evaluating the performance of the Company’s executive officers, determining or making recommendations to the Board with respect to the compensation of the Company’s executive officers, making recommendations to the Board with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations to the Board with respect to the compensation policy for the employees of the Company or its subsidiaries and ensuring that the Company is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Board has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

All members of the Board are experienced participants in business or finance, and have sat on the board of directors of other companies, charities or business associations, in addition to the Board.

The Board does not have a pre-determined compensation plan. The Company does not engage in benchmarking practices and the process for determining executive compensation is at the discretion of the Board.

In performing its duties, the Board has considered the implications of risks associated with the Company’s compensation policies and practices. At its present early stage of development and considering its present compensation policies, the Company currently has no compensation policies or practices that would encourage an executive officer or other individual to take inappropriate or excessive risks. A Named Executive Officer or director of the Company is permitted for his or her own benefit and at his or her own risk, to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units or exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director of the Company.

Executive compensation awarded to the named executive officers consists of two components: (i) management fees and (ii) Options. The Company does not presently have a long-term incentive plan for its named executive officers. There is no policy or target regarding the allocation between cash and noncash elements of the Company’s compensation program.

Pension

The Company does not provide any pension benefits for directors or executive officers of the Company.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, for the financial year ended October 31, 2022. As at October 31, 2022, its equity compensation plans consisted of the Company’s Stock Option Plan (the “**Stock Option Plan**”).

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the security holders	5,500,000	\$0.27	1,027,280
Equity compensation plans not approved by the security holders	Nil	Nil	Nil
Total	5,500,000	\$0.27	1,027,280

The details of the Stock Option Plan are set out below under the heading “*Particulars of Matters to be Acted Upon – Approving Stock Option Plan*”.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

To the knowledge of Management, no current or former director, executive officer or employee of the Company, proposed nominee for election to the Board, or associate of such persons is, or has been, indebted to the Company or any of its subsidiaries or has been indebted to any other entity where that indebtedness was 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 since the beginning of the Company’s most recently completed financial year and no indebtedness remains outstanding as at the date of this Information Circular.

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

To the knowledge of Management, no director or executive officer of the Company or any proposed nominee of Management for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's most recently completed financial year in matters to be acted upon at the Meeting, other than the election of directors of the Company, the appointment of the Company's auditors and the confirmation of the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of Management, except as disclosed below, no (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, directly or indirectly, shares or who exercises control or direction of Common Shares, or a combination of both carrying more than ten percent of the voting rights attached to the shares outstanding (an "Insider"); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which materially affected or would materially affect the Company, except with an interest arising from the ownership of shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of shares.

Southern Empire entered into an option agreement dated June 22, 2020, as amended on August 12, 2022 (the "**Option Agreement**") with Ronald Netolitzky, the Chairman and a director of the Company, pursuant to which the Company acquired from Mr. Netolitzky 25% of the Company's Oro Cruz Project on September 15, 2022 in exchange for aggregate cash payments of \$240,000 and the issuance of 2,000,000 Common Shares at a deemed price of \$0.10 per Common Share to Mr. Netolitzky.

MANAGEMENT CONTRACTS

To the knowledge of Management, except as disclosed elsewhere in this Information Circular, no management functions of the Company or any of its subsidiaries are to any substantial degree performed by a person or company other than the directors or executive officers of the Company or any of its subsidiaries.

AUDIT COMMITTEE

Southern Empire is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

Audit Committee Charter

The text of the charter of the Company's audit committee (the "**Audit Committee**") is attached as Schedule "A" to this Information Circular.

Composition of Audit Committee and Independence

The current Audit Committee consists of Ronald Netolitzky, P.E. (Ted) Kavanagh and James Currie. National Instrument 52-110 *Audit Committees*, ("**NI 52-110**") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment. The following members of the current Audit Committee are considered independent: James Currie and P.E. (Ted) Kavanagh. Ronald Netolitzky is not independent by virtue of the fact he is the Chairman of the Company. All members of the Audit Committee are considered "financially literate" as that term is defined in NI 52-110. The Company anticipates that (i) Dale Wallster will be appointed to replace Ronald Netolitzky as an audit committee member and (ii) Alex Heath will be appointed to replace Ronald Netolitzky as the Chair of the Audit Committee, following the Meeting. Dale Wallster is not independent by virtue of the fact he is the Chief Executive Officer and President of the Company.

As required under Section 6.1.1.(3) of NI 52-110, the majority of the members of the Audit Committee must not be executive officers, employees or control persons of Southern Empire or of an affiliate of the Company. Messrs. Currie

and Kavanagh are not executive officers, employees or control persons of the Company or any affiliate of the Company.

Relevant Education and Experience

Ronald Netolitzky – Mr. Netolitzky is the President, Chief Executive Officer and a director of Eros Resources Corp. Mr. Netolitzky has extensive experience in junior resource company finance, specifically publicly listed enterprises.

P.E. (Ted) Kavanagh – Mr. Kavanagh was the Director of Metals & Mining Finance, Americas for Société Générale where he originated and executed corporate project finance facilities, marketed metals and foreign exchange hedging and trading lines, and provided related advisory services. Previous to his engagement with Société Générale, Mr. Kavanagh acted in a similar capacity for a series of banks.

James Currie – Mr. Currie has held the role of Chief Operations Officer for a number of mid-tier gold producers. Over the course of his 40-year career in the mining industry he has been a director on various boards and held senior management, engineering, and operation roles for a number of mines and projects.

Dale Wallster - Mr. Wallster is a geologist and a prospector with over 40 years' experience, focused on targeting and discovering unconformity-related uranium, structurally controlled gold, and VMS deposits. Mr. Wallster has extensive experience as an officer and director of various mineral exploration issuers, including serving on the audit committee of each of Coast Copper Corp. and Valmore Metals Corp.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in sections 2.4 (De Minimis Non-Audit Services), 3.2 (Initial Public Offerings), 3.4 (Events Outside Control of Member), 3.5 (Death, Disability or Resignation of Audit Committee Members), 3.3(2) (Controlled Companies), 3.6 (Temporary Exemption for Limited and Exceptional Circumstances) or 3.8 (Acquisition of Financial Literacy) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

Audit Fees

The aggregate fees billed by the Company's external auditor in the financial years ended October 31, 2022 and October 31, 2021 by category, are as follows:

Financial Year Ended	Audit Fees (\$) ⁽¹⁾	Audit Related Fees (\$) ⁽²⁾	Tax Fees (\$) ⁽³⁾	All Other Fees (\$) ⁽⁴⁾
2022	65,000	-	-	-
2021	47,826	-	-	-

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two financial years for audit fees.
- (2) "Audited related fees" include the aggregate fees billed in each of the last two financial years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above.

- (3) “Tax fees” include the aggregate fees billed in each of the last two financial years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning.
- (4) “All other fees” include the aggregate fees billed in each of the last two financial years for products and services provided by the Company’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

Exemption in Section 6.1

Southern Empire is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below.

Board of Directors

Management is nominating six (6) individuals to the Board, all of whom are current directors of Southern Empire, excluding Joel Dryer.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgement. All of the current members of the Board are considered “independent” within the meaning of NI 52-110, except Dale Wallster who is the Chief Executive Officer and President of the Company, Ronald Netolitzky who is the Chairman of the Company and Andrew Davidson, who is the Chief Financial Officer and Secretary of the Company.

The Board has a stewardship responsibility to supervise management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and President. The Board will give direction and guidance through the CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the Shareholders for election as directors, and immediately following each annual general meeting of Shareholders appoints an Audit Committee and the Audit Committee chairperson. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the Chief Executive Officer, Chief Financial Officer and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over Management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the Management’s affairs directly and through the Audit Committee.

Directorships

The following directors of Southern Empire hold directorships in other reporting issuers as set out below:

Name of Director	Name of Reporting Issuer	Exchange
Dale Wallster	ValOre Metals Corp.	TSX-V
	Coast Copper Corp.	TSX-V
	Defense Metals Corp.	TSX-V
Ronald Netolitzky	MAS Gold Corp.	TSX-V
	Eros Resources Corp.	TSX-V
Andrew Davidson	Royal Helium Ltd.	TSX-V
	Omineca Mining and Metals Ltd.	TSX-V
	Westcore Energy Ltd.	TSX-V
	49 North Resources Inc.	TSX-V
	1844 Resources Inc.	TSX-V
Alex Heath	Asante Gold Corporation	Canadian Securities Exchange
	Prospector Metals Corp.	TSX-V
James Currie	Anacortes Mining Corp.	TSX-V
	Northstar Clean Technologies	TSX-V
	Badger Capital Corp.	TSX-V
P.E. (Ted) Kavanagh	Signal Gold Inc.	TSX

Orientation and Continuing Education

The Board's practice is to recruit for the Board only persons with extensive experience in identifying and targeting junior businesses for transactions and in public company matters. Prospective new Board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company's affairs and plans prior to obtaining their consent to act as a director.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

Ethical Business Conduct

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

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid, and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to

the Company and the contract or transaction be approved by the Shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Nomination of Directors

The Board identifies new candidates for Board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

Compensation

The Board conducts reviews with regard to the compensation of the directors and the Chief Executive Officer of the Company once a year. To make its recommendations on such compensation, the Board takes into account the types of compensation and the amounts paid to directors and chief executive officers of comparable publicly traded Canadian companies.

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between the Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administrative burden.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements, Auditors' Report and Management Discussion & Analysis

The audited financial statements of Southern Empire for the financial year ended October 31, 2022, the audit report of Davidson & Company LLP, Chartered Professional Accountants, relating thereto (collectively, the "**Financial Statements**") and the Company's management discussion and analysis relating thereto (the "**MD&A**") will be placed before the Meeting.

No further action or approval is required at the Meeting in respect of these documents.

2. Set Number of Directors to be Elected

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors of Southern Empire for the ensuing year at six (6). The number of directors will be approved if the affirmative vote of the majority of shares present or represented by proxy at the Meeting and entitled to vote are voted in favour to set the number of directors at six (6).

The Board unanimously recommends that Shareholders vote "for" the setting the number of directors of the Company at six (6).

3. Election of Directors

The directors of the Company are elected at each annual general meeting of Shareholders and hold office until the next annual general meeting of Shareholders or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Management proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows.

Name, Province/State and Country of Residence and Position	Period of Service as a Director	Principal occupation, business or employment and, if not a previously elected Director, occupation, business or employment during the past 5 years	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly ⁽¹⁾
Dale Wallster <i>Chief Executive Officer, President and Director</i> British Columbia, Canada	March 18, 2020	Chief Executive Officer, President and Director of the Company since March 2020; Prospector; Geologist; Businessman; Director of ValOre Metals Corp. since January 2012; and Director of Coast Copper Corp. since July 2014; Director of Defense Metals Corp. since April 2023.	6,623,000 (directly and indirectly) ⁽³⁾
James Currie ⁽²⁾ <i>Director</i> British Columbia, Canada	March 18, 2020	Director of the Company since March 2020; Mining Engineer; Chief Executive Officer and Director of Anacortes Mining Corp. (formerly, First Light Capital Corp.) since June 2020; Director of Northstar Clean Technologies Inc. since December 2020; and Director of Badger Capital Corp. since March 2021.	150,000 (directly)
Andrew Davidson <i>Chief Financial Officer, Secretary and director</i> Saskatchewan, Canada	October 26, 2020	Director of the Company since October 2020; Chief Financial Officer and Secretary of the Company since March 2020; Accountant since 2010; Chief Financial Officer and Corporate Secretary of Eros Resources Corp.; Director of Omineca Mining and Metals Ltd. since 2011; President, Chief Executive Officer and a director of Westcore Energy Ltd. since 2015; Director of 49 North Resources Inc. since 2010; and President, Chief Executive Officer and director of Royal Helium Ltd. since 2019.	10,057,941 ⁽⁴⁾ (directly and indirectly)
Alex Heath <i>Director</i> British Columbia, Canada	February 15, 2021	Director of the Company since February 2021; President, Chief Executive Officer and Director of Prospector Metals Corp.; and Director of Asante Gold Corporation since April 2013.	250,000 ⁽⁵⁾ (indirectly)
P.E. (Ted) Kavanagh ⁽²⁾ <i>Director</i> New York, United States	June 10, 2021	Director of the Company since June 2021; and Director of Signal Gold Inc. since November 2021.	250,000 (directly)

Name, Province/State and Country of Residence and Position	Period of Service as a Director	Principal occupation, business or employment and, if not a previously elected Director, occupation, business or employment during the past 5 years	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly ⁽¹⁾
Joel Dryer - Illinois, United States	-	Advisory board member of UnionRock Energy Fund II since September 2022; Principal of LTC Partners, LLC since January 2001; Chairman and Chief Executive Officer of Peoples Education, Inc. since December 2016; Chief Executive Officer of HSIO Technologies LLC from December 2020 to June 2021; Chief Executive Officer of Monet Medical, Inc. from May 2017 to December 2019; and Director, Big Time Software, Inc. from 2011 to December 2018.	Nil

Notes:

- (1) The information as to Common Shares beneficially owned or controlled has been provided by the nominees.
- (2) A member of the Audit Committee, of which Mr. Netolitzky is the Chair.
- (3) Mr. Wallster holds: (i) 2,320,000 Common Shares directly, and (ii) 4,303,000 Common Shares indirectly through Mulgravian Ventures Corporation, a company wholly controlled by Mr. Wallster.
- (4) Mr. Davidson holds (i) 611,500 Common Shares directly, (ii) 43,500 Common Shares indirectly through Jaelky Holdings Inc., a company in which Mr. Davidson has a controlling interest and (iii) 9,402,941 Common Shares indirectly through Eros resources Corp, a company of which Mr. Davidson is the Chief Financial Officer, Corporate Secretary and a director.
- (5) Mr. Heath holds 250,000 Common Shares indirectly through Howe Street Capital Corp., a company in which Mr. Heath has a controlling interest.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Management Proxyholders intend to exercise discretionary authority to vote the Common Shares represented by proxy for the election of any other persons as directors.

Other than as set out below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Company) that:
 - (i) was the subject, while the director was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer of such company, of a cease trade or similar 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 30 consecutive days; or
 - (ii) was subject to a cease trade or similar 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 30 consecutive days, that was issued after the director ceased to be a director, Chief Executive Officer or Chief Financial Officer but which resulted from an event that occurred while the director was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person 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; or

- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director.

For the purposes of this Information Circular, an “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to an exemption under securities legislation, and such order was in effect for a period of more than 30 consecutive days.

On May 6, 2021, Westcore Energy Ltd. (“**Westcore**”), a company in which Andrew Davidson serves as the President, Chief Executive Officer and a director, was issued a cease trade order (the “**Westcore CTO**”) by the Alberta Securities Commission and Ontario Securities Commission for failure to file its annual audited financial statements, annual management’s discussion and analysis and certification of the annual filings for the financial year ended December 31, 2020 (collectively, the “**Westcore Annual Filings**”). As at the date hereof, Westcore has not filed the Westcore Annual Filings and the Westcore CTO remains in effect.

The Board unanimously recommends that Shareholders vote “for” the election of each of the above nominees as directors of the Company.

4. Appointment and Remuneration of Auditor

The Company is nominating Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia for re-appointment as auditor of the Company to hold office until the next annual general meeting of Shareholders and to authorize the Board to fix the remuneration to be paid thereto.

The Board unanimously recommends Shareholders to vote “for” the appointment of Davidson & Company LLP, Chartered Professional Accountants, as the Company’s auditors until the next annual general meeting of Shareholders at a remuneration to be fixed by the Board.

5. Approval of Stock Option Plan

At the Meeting, shareholders will be asked to vote for the ratification, confirmation and approval of the Stock Option Plan. For reference, a copy of the Stock Option Plan is attached as Schedule “B” to this Information Circular. In order for the resolution described herein to pass, a simple majority of the affirmative votes cast at the Meeting is required.

Pursuant to Policy 4.4 of the TSX Venture Exchange (“**TSX-V**”), all TSX-V listed companies are required to adopt a stock option plan prior to granting Options. The purpose of the Stock Option Plan is to attract and motivate directors, senior officers, employees, consultants and others providing services to the Company and its subsidiaries, and thereby advance the Company’s interests, by affording such persons with an opportunity to acquire an equity interest in the Company through the issuance of Options. The Company is currently listed on Tier 2 of the TSX-V and has adopted a “rolling” stock option plan reserving a maximum of 10% of the issued shares of the Company at the time of the Option grant.

The Shareholders are being asked to approve the Stock Option Plan, at the Meeting. As a “rolling” stock option plan, the Stock Option Plan will be required to be re-approved by the Shareholders each year at the Company’s annual general meeting of shareholders.

Summary of the Stock Option Plan

The following information is intended as a brief description of the Company's Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting and is attached hereto as Schedule "B". Capitalized terms are as defined in the Stock Option Plan.

1. The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, less the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
2. The exercise price per Common Share for an Option shall be determined by the Directors or their delegates if any but will in no event be less than the permitted discount to the Market Price (as defined by the policies of the Exchange) for the Common Shares at the date of grant. The Company must obtain disinterested Shareholder approval of any decrease in the exercise price of or an extension to Options granted to individuals that are Insiders at the time of the proposed amendment.
3. If Options are granted within ninety days of a Distribution by the Corporation by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection 5.1(a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such Distribution. Such ninety-day period shall begin:
 - (i) on the date the final receipt is issued for the final prospectus in respect of such Distribution; or
 - (ii) in the case of an initial public offering, on the date of listing.
4. The number of Common Shares reserved for issuance in any 12 month period under this Plan and any Other Share Compensation Arrangement to (a) any one Person, shall not exceed 5% of the outstanding Common Shares at the time of the grant (unless the Company has obtained Disinterested Shareholder Approval to exceed such limit); (b) any one Consultant or Investor Relations Service Providers, shall not exceed 2% of the outstanding Common Shares at the time of the grant; and (c) to Insiders, shall not exceed 10% of the outstanding Common Shares at any point in time.
6. Upon expiry of an Option, or in the event an Option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated Option shall again be available for the purposes of the Stock Option Plan. All Options granted under the Stock Option Plan, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of the grant (subject to extension where the expiry date falls within a blackout period).
7. If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.

If a Participant dies or suffers a disability prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death or disability.

Unless an option agreement specifies otherwise, if a Participant ceases to be an Eligible Person for any reason other than death or disability, each Option held by the Participant other than a Participant who is involved in investor relations activities will cease to be exercisable 90 days after the Termination Date or for a "reasonable period" after the Participant ceases to serve in such capacity, as determined by the Board. For Participants involved in investor relations activities, Options shall cease to be exercisable 30 days after the Termination Date or for a "reasonable period" after the Participant ceases to serve in such capacity, as determined by the Board.

For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until such Option terminates and therefore ceases to be exercisable pursuant to the terms of this Section.

If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion and in the case of Options relating to Investor Relations, subject to the approval of the Exchange, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

The Board retains the discretion to impose vesting periods on any Options granted. In accordance with the policies of the Exchange, Options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the Options vesting in any three-month period. Under the TSX-V policy, all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by Shareholders on an annual basis. Therefore, at the Meeting, the Shareholders will be asked to pass an ordinary resolution in substantially the following form:

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to approve, with or without variation, an ordinary resolution ratifying, confirming and approving the Stock Option Plan. The full text of the resolutions to be considered at the Meeting is set forth below:

RESOLVED AS AN ORDINARY RESOLUTION, THAT:

1. The stock option plan (the “**Stock Option Plan**”) of Southern Empire Resources Corp. (the “**Company**”) in substantially the form described and attached to the management information circular of the Company dated May 19, 2023 be and the same is hereby ratified, confirmed and approved, subject to the acceptance of the TSX Venture Exchange (the “**Exchange**”), and shall thereafter continue and remain in effect until ratification is required pursuant to the rules of the Exchange or other applicable regulatory requirements;
2. All unallocated options to acquire common shares of the Company, right or other entitlement available under the Stock Option Plan are hereby approved and authorized;
3. The board of directors of the Company is authorized and directed to make any the Stock Option Plan as may be required by the Exchange or other regulatory authorities, without further approval by the shareholders of the Company, in order to ensure the adoption of the Stock Option Plan; and
4. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all things and to execute, deliver and file all such agreement, documents and instruments, and to do all such other acts and things, as such director or officer deems necessary or desirable to give effect to the forgoing resolutions.

The Board unanimously recommends that Shareholders vote “for” the ratification, confirmation and approval of the Stock Option Plan.

GENERAL MATTERS

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice and other matters which may properly come before the Meeting or any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to Southern Empire may be found on the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Financial information about the Company is provided in the Financial Statements, together with the MD&A, and can be found on the Company's SEDAR profile. Shareholders may contact the Company as set out below to request copies of the Financial Statements and MD&A.

Southern Empire Resources Corp.
Suite 420 – 789 West Pender Street, Vancouver, BC V6C 1H2
Attn: Corporate Secretary

OTHER MATTERS

Other than the above, Management knows of no other matters to come before the Meeting other than those referred to in the Notice. However, if any other matters that are not known to Management should properly come before the Meeting, the form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

BOARD APPROVAL

The directors of Southern Empire have approved the contents of this Information Circular and authorized its distribution.

DATED at Vancouver, British Columbia, the 19th day of May 2023.

ON BEHALF OF THE BOARD

"Dale Wallster"
Dale Wallster
President, Chief Executive Officer and Director

SCHEDULE "A"

SOUTHERN EMPIRE RESOURCES CORP.

AUDIT COMMITTEE CHARTER

(Implemented pursuant to National Instrument 52-110 – *Audit Committees*)

National Instrument 52-110 – *Audit Committees* (the "Instrument") relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including Southern Empire Resources Corp. ("Southern Empire" or the "Company"). The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Company wherein management solicits proxies from the security holders of the Company for the purpose of electing directors to the board of directors. The Company, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of Southern Empire. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

I. MANDATE

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Southern Empire Resources Corp. shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of Southern Empire's financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of Southern Empire's independent external auditor (the "Auditor"); and
4. The performance of Southern Empire's internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement.

C. Appointment and Removal

In accordance with the Articles of Southern Empire, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Meetings

1) The Committee shall meet as frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

2) At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to Southern Empire's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and Southern Empire.
2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.

3. Require the Auditor to report directly to the Committee.
4. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

1. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including resolution of disagreements between management and the Auditor regarding financial reporting.
2. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Southern Empire.
3. Recommend to the Board the compensation of the Auditor.
4. Pre-approve all non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor.

Internal Financial Controls & Operations of the Company

1. Establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by Southern Empire regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

1. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of Southern Empire's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
2. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
3. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
4. Discuss with management Southern Empire's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
5. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
 - (a) The adoption of, or changes to, Southern Empire's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.
 - (b) The management inquiry letter provided by the Auditor and the Company's response to that letter.

- (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

1. Review Southern Empire's annual and interim financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.
2. Review Southern Empire's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
3. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

1. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of Southern Empire's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
2. Request any officer or employee of Southern Empire or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
3. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.
4. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.
5. Make regular reports to the Board.
6. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
7. Annually review the Committee's own performance.
8. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.
9. Not delegate these responsibilities.

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Southern Empire's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

SCHEDULE "B"

SOUTHERN EMPIRE RESOURCES CORP.

STOCK OPTION PLAN

(See attached)

SOUTHERN EMPIRE RESOURCES CORP.

STOCK OPTION PLAN

**ARTICLE I
PURPOSE OF THE PLAN**

- 1.1 Purpose of the Plan. The Company hereby establishes a stock option plan for directors, senior officers, Employees, Consultants, Consultant Company or Management Company Employees (as such terms are defined below) of the Company and its subsidiaries, or an Eligible Charitable Organization (collectively "**Eligible Persons**"), to be known as the "Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten years, as determined by the board of directors of the Company, to buy shares of the Company at a price equal to the Market Price prevailing on the date the option is granted less applicable discount, if any, permitted by the policies of the Exchange and approved by the Board.

**ARTICLE II
DEFINITIONS**

In this Plan, the following terms shall have the following meanings:

"Associate" means an "Associate" as defined in the TSX Policies.

"Board" means the Board of Directors of the Company.

"Change of Control" means the occurrence of any one or more of the following events:

- (a) the acceptance by the holders of Shares of the Company, representing in the aggregate more than 50% of the number of Shares then issued and outstanding, of any offer, whether by way of a takeover bid or otherwise, for all or any of the Shares of the Company; or
- (b) the acquisition, by whatever means (including, without limitation, amalgamation, arrangement, consolidation or merger), by a person (or two or more persons who in such acquisition are Joint Actors), directly or indirectly, of the beneficial ownership of such number of Shares or rights to Shares of the Company, which together with such person's then owned Shares and rights to Shares, if any, represent (assuming the full exercise of such rights to voting securities) more than 50% of the combined voting rights of the Company's then outstanding Shares, inclusive of the Shares that would be outstanding on the full exercise of all rights to Shares; or
- (c) the entering into of any agreement by the Company to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; or
- (d) the passing of a resolution by the Board or shareholders of the Company to substantially liquidate the assets or wind-up the Company'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 Company is continued and where the shareholdings remain substantially the same following the re-arrangement as that which existed prior to the re-arrangement); or

- (e) individuals who were members of the Board of the Company immediately prior to a meeting of the shareholders of the Company involving a contest, for or an item of business relating to the election of directors shall not constitute a majority of the Board following such election.

"Company" means Southern Empire Resources Corp. and its successors and Subsidiaries.

"Consultant" means a "Consultant" as defined in the TSX Policies.

"Consultant Company" means a "Consultant Company" as defined in the TSX Policies.

"Disability" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

- (a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
- (b) acting as a director or officer of the Company or its subsidiaries.

"Discounted Market Price" of Shares means, if the Shares are listed only on the TSX Venture Exchange, the Market Price less the maximum discount permitted under the TSX Policy applicable to Options.

"Eligible Charitable Organization" means an "Eligible Charitable Organization" as defined in the TSX Policies.

"Eligible Persons" has the meaning given to that term in section 1 hereof.

"Employee" means an "Employee" as defined in the TSX Policies.

"Exchange" means the TSX Venture Exchange and, if applicable, any other stock exchange on which the Shares are listed.

"Expiry Date" means the date set by the Board under subsection 3.1 of the Plan, as the last date on which an Option may be exercised.

"Grant Date" means the date specified in the Option Agreement as the date on which an Option is granted.

"Insider" means an "Insider" as defined in the British Columbia *Securities Act*.

"Investor Relations Activities" means "Investor Relations Activities" as defined in the TSX Policies.

"Investor Relations Service Provider" means "Investor Relations Service Provider" as defined in the TSX Policies.

"Joint Actor" has the meaning defined in National Instrument 62-103, *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*.

"Management Company Employee" means a "Management Company Employee" as defined in the TSX Policies.

"Market Price" of Shares at any Grant Date means the last closing price per Share on the trading day immediately preceding the day on which the Company announces the grant of the option or, if the grant is not announced, on the Grant Date, or if the Shares are not listed on any stock exchange, "Market Price" of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.

"Option" means an option to purchase Shares granted pursuant to this Plan.

"Option Agreement" means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.

"Optionee" means each of Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.

"Option Price" means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.

"Option Shares" means the aggregate number of Shares which an Optionee may purchase under an Option.

"Plan" means this Stock Option Plan.

"Shares" means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.

"Securities Act" means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.

"Subsidiary" means a body corporate that is controlled by the Company and, for the purposes of this definition, a body corporate will be deemed to be controlled by the Company if the Company, directly or indirectly, has the power to direct the management and policies of the body corporate by virtue of ownership of, or direction over, voting securities in the body corporate.

"TSX Policies" means the policies included in the TSX Venture Exchange Corporate Finance Manual and "TSX Policy" means any one of them.

"Unissued Option Shares" means the number of Shares which have, at a particular time, been reserved for issuance upon the exercise of an Option, but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.

"Unlisted Issuer" means a company, corporation trust or limited partnership which has no securities listed or quoted on any stock exchange, nor has outstanding securities for which trading is reported to or through a stock exchange or public market.

"Vested" means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

"VWAP" means the volume weighted average trading price of the Company's Shares on the Exchange calculated by dividing the total value by the total volume of Shares traded for the five trading days immediately preceding the exercise of the subject Option. Where appropriate, the Exchange may exclude internal crosses and certain other special terms trades from the calculation.

ARTICLE III GRANT OF OPTIONS

- 3.1 Option Terms. The Board may from time to time authorize the issue of Options to Eligible Persons of the Company and its subsidiaries. The Option Price under each Option shall be not less than the Discounted Market Price on the Grant Date. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten years after the Grant Date (subject to extension where the Expiry Date falls within a blackout period in accordance with Section 4.13). Options shall not be assignable (or transferable) by the Optionee. Where applicable, Options and the Shares underlying such Options shall be subject to resale restrictions in accordance with applicable securities laws and the TSX Policies. Option Agreements entered into with Optionees pursuant to this Plan shall bear the legend or legends evidencing such restrictions, where required.
- 3.2 Limits on Shares Issuable on Exercise of Options. The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time to time. The number of Shares reserved for issuance under the Plan and all of the Company's other previously established or proposed share compensation arrangements:
- (a) in aggregate shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis, calculated as of the Grant Date of any Option; and

The number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:

- (a) to all Insiders shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis;
- (b) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company);

- (c) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
 - (d) to all Investor Relations Service Providers shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, which Options are to be vested in stages over at least a one-year period and no more than one-quarter (1/4) of such Options may be vested in any three (3) month period. The Company must publicly announce by press release at the time of the grant, any Options granted to an Investor Relations Service Provider.
- 3.3 Eligible Charitable Organizations. Notwithstanding the foregoing limitations, Options may be granted to Eligible Charitable Organizations for up to one percent (1%) of the total issued and outstanding shares of the Company on the Grant Date, provided that such Options must expire on the earlier of: (i) 10 years from the date of the grant, and (ii) 90 days after the date that the optionee ceases to be an Eligible Charitable Organization.
- 3.4 Option Agreements. Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For stock options to Employees, Consultants, Consultant Company or Management Company Employees, each of the Company and the Optionee is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

ARTICLE IV EXERCISE OF OPTION

- 4.1 When Options May be Exercised. Subject to subsections 4.6 and 4.7, an Option shall be granted as fully Vested on the Grant Date, and may be exercised to purchase any number of Shares up to the number of Unissued Option Shares at any time after the Grant Date, provided that this Plan has been previously approved by the shareholders of the Company, where such prior approval is required by TSX Policies, up to 4:00 p.m. local time on the Expiry Date and shall not be exercisable thereafter.
- 4.2 Manner of Exercise; Cash Exercise. Subject to the provisions of this Plan, the alternative exercise procedures set out in Sections 4.3 and 4.4 and in the related Option Agreement, the Option shall be exercisable by delivering to the Company a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share. Upon notice and payment there will be binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's certified cheque or bank draft payable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless the certified cheque is not honoured upon presentation for any reason, in which case the Option shall not have been validly exercised.
- 4.3 Cashless Exercise. Subject to Section 4.5 and the approval of the Board, which approval is at the sole discretion of the Board, an Optionee (other than an Optionee who is an

Investor Relations Service Provider) may choose to undertake a "cashless exercise" with the assistance of a brokerage firm with which the Company has an arrangement, if any, in order to facilitate the exercise of such Optionee's Options. The "cashless exercise" procedure, if permitted by the Board, shall include the following:

- (a) the brokerage firm will loan money to an Optionee to purchase the Shares in respect of which the Option is being exercised;
- (b) the brokerage firm will then sell a sufficient number of Shares to cover the aggregate Option Price for the applicable exercise of the Option in order to repay the loan made to the Optionee; and
- (c) the brokerage firm will receive an equivalent number of Shares from the exercise by the Participant of the Option, and the Participant will then receive the balance of the Shares in respect of which the Option is being exercised or the cash proceeds from the balance of such Shares.

For greater certainty, the Company is not obligated to permit, facilitate or enable a "cashless exercise" of any Option or to enter into or maintain an arrangement with any brokerage firm. Whether an Option may be exercised on a "cashless exercise" basis is at the sole discretion of the Board.

4.4 Net Exercise. Subject to Section 4.5 and the approval of the Board, which approval is at the sole discretion of the Board, an Optionee may choose to undertake a "net exercise", pursuant to which the Optionee shall receive only the number of Shares that is equal to the quotient obtained by dividing:

- (a) the product of (a) the number of Shares in respect of which the Option is being exercised, multiplied by (b) the difference between the VWAP of the Shares in respect of which the Option is being exercised and the exercise price of the subject Option; by
- (b) the VWAP of the Shares in respect of which the Option is being exercised.

For greater certainty, the Company is not obligated to permit, facilitate or enable a "net exercise" of any Option. Whether an Option may be exercised on a "net exercise" basis is at the sole discretion of the Board.

4.5 Limitations on Cashless Exercise and Net Exercise. Notwithstanding any other provision of this Plan:

- (a) the "cashless exercise" and "net exercise" provisions contained in Sections 4.3 and 4.4, respectively, shall at all times be subject to the TSX Policies; and
- (b) Options held by an Investor Relations Service Provider may not be exercised on a "cashless exercise" or "net exercise" basis.

4.6 Vesting of Option Shares. An Option shall be granted hereunder as fully Vested, unless a vesting schedule is imposed by the Board as a condition of the grant on the Grant Date; and provided that if the Option is being granted to an Eligible Person who is providing Investor Relations Activities to the Company, then the Option must vest in stages over at

least a one-year period and no more than one-quarter (1/4) of such Options may be vested in any three (3) month period.

4.7 Termination of Employment. If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

- (i) 365 days after the date of death or Disability; and
- (ii) the Expiry Date.

(b) Termination For Cause

If the Optionee, or in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Option held by such Optionee on the date of such termination shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

4.8 Effect of a Take-Over Bid. If a *bona fide* offer (an "**Offer**") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon the Option Shares subject to such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised. If any Option Shares are returned to the Company under this subsection 4.5, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

- 4.9 Acceleration of Expiry Date. If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, are Vested (subject to the proviso below), and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer, PROVIDED THAT where an Option was granted to an Investor Relations Service Provider, the Directors declaration that Option Shares issuable upon the exercise of such Options granted under the Plan be Vested with respect to such Option Shares, is subject to prior approval of the Exchange. The Directors shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days and not more than 35 days notice is required.
- 4.10 Effect of a Change of Control. If a Change of Control occurs, all Option Shares subject to each outstanding Option may be exercised in whole or in part by the Optionee.
- 4.11 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement. If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, by the cancellation of the right to purchase Option Shares under the Option Agreement shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.
- 4.12 Shares Not Acquired or Exercised. Any Unissued Option Shares not acquired by an Optionee under an Option which has expired, and any Option Shares acquired by an Optionee under an Option when exercised, may be made the subject of a further Option granted pursuant to the provisions of the Plan.
- 4.13 Extension of Term During Trading Black Out. In the event the Expiry Date of an Option falls on a date during a trading black out period that has been self imposed by the Company, the Expiry Date of the Option will be extended to the 10th business day following the date that the self imposed trading black out period is lifted by the Company. For greater certainty, the Expiry Date of an Option will not be extended in the event a cease trade order is issued by a securities regulatory authority against the Company or an Optionee.

ARTICLE V
ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1 Share Reorganization. Subject to the prior approval of the Exchange, whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "**Share Reorganization**") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of
 - (i) the Option Price in effect immediately before that effective date or record date; and
 - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subparagraph (a)(ii).

5.2 Special Distribution. Subject to the prior approval of the Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares:

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board of Directors of the Company has determined to be outside the normal course); or
- (d) rights, options or warrants,

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "**Special Distribution**"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

5.3 Corporate Organization. Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in subsections 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of
- (c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation,

(any such event being herein called a "**Corporate Reorganization**") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

5.4 Determination of Option Price and Number of Unissued Option Shares. If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Directors may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

5.5 Regulatory Approval. Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of subsection 5.1, 5.2 or 5.3 is subject to the approval of the Exchange where required pursuant to their policies, and compliance with the applicable securities rules or regulations of any other governmental authority having jurisdiction.

ARTICLE VI MISCELLANEOUS

6.1 Right to Employment. Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

6.2 Necessary Approvals. The Plan shall be effective immediately upon the approval of the Board of directors of the Company, where the Company is a non-reporting issuer. If the Company is a reporting issuer whose Shares are listed on any Exchange, then the Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution of the disinterested shareholders in the case of a new Plan, and the written acceptance of the Plan by the Exchange where such prior approval is

required by the policies of the Exchange. Any Options granted under this Plan before such approval shall only be exercised upon the receipt of such approval, where it is required by the policies of the Exchange. Each year thereafter, the Plan must also be adopted or ratified annually by way of an ordinary resolution of the disinterested shareholders, where such annual adoption is required by the policies of the Exchange. After the Plan has been approved by the shareholders and the Exchange, the failure to obtain any annual disinterested shareholder approval does not affect prior granted Options under a previously approved Plan. Disinterested shareholder approval (as required by the Exchange) will also be obtained for any reduction in the exercise price or extension to the term of any Option granted under this Plan, if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to compliance with the policies of the Exchange and applicable securities rules or regulations of any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to comply with such policies, rules or regulations, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

- 6.3 Administration of the Plan. The Directors shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in subsection 5.4, the interpretation and construction of any provision of the Plan by the Directors shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.
- 6.4 Income Taxes. As a condition of and prior to participation of the Plan any Optionee shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan, provided however, that any such withholding arrangement must comply with the policies of the Exchange and shall not, without limitation, result in an alteration of the exercise price of an Option or create a "net exercise" feature, except where permitted under this Plan and pursuant to TSX Policies.
- 6.5 Amendments to the Plan. The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchange or any other regulatory body having authority over the Company or the Plan, 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 the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to an Optionee under the Plan without the consent of that Optionee. Any amendments to the Plan or options granted to Insiders thereunder will be subject to the approval of the shareholders, where such approval is required by the policies of the Exchange.
- 6.6 Form of Notice. A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

- 6.7 No Representation or Warranty. The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.
- 6.8 Compliance with Applicable Law. If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.
- 6.9 No Assignment. No Optionee may assign any of his or her rights under the Plan or any Option granted thereunder.
- 6.10 Rights of Optionees. An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).
- 6.11 Conflict. In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.
- 6.12 Governing Law. The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the Province of British Columbia.
- 6.13 Time of Essence. Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.
- 6.14 Entire Agreement. This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

Approved by the Board of Directors on July 26, 2022.