



**Ranchero Gold Corp.**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**To be held June 14, 2023**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**May 1, 2023**



# Ranchero Gold Corp.

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of shareholders of Ranchero Gold Corp. (the “**Corporation**”) will be held at Suite 910 – 800 West Pender Street, Vancouver, BC V6C 2V6 on the 14<sup>th</sup> day of June, 2023 at 10:00 a.m. (Vancouver time), for the following purposes:

1. **TO RECEIVE** the audited consolidated financial statements of the Corporation for the financial years ended December 31, 2021 and December 31, 2022, together with the auditor reports thereon;
2. **TO RE-APPOINT** Smythe LLP, as independent auditor of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix the remuneration of the auditor;
3. **TO DETERMINE** the number of directors of the Corporation at three;
4. **TO ELECT** three directors of the Corporation for the ensuing year;
5. **TO CONSIDER** and, if thought fit, to pass, with or without variation, an ordinary resolution to approve the Corporation’s new equity incentive plan (the “**Equity Incentive Plan**”), as described in the accompanying management information circular of the Corporation (the “**Circular**”); and
6. **TO TRANSACT** such further or other business as may properly come before the Meeting or any reconvened meeting following an adjournment or postponement thereof.

Details of the foregoing matters are contained in the Circular. A copy of the Equity Incentive Plan can be found in Schedule “**A**” and will be available for inspection at the Meeting and in advance of the Meeting during normal business hours upon request to the Corporation at Suite 910 – 800 West Pender Street, Vancouver, BC V6C 2V6.

**Shareholders who are unable to attend the Meeting in person and who wish to ensure that their common shares will be voted at the Meeting, must complete, date and execute the enclosed form of proxy, or another suitable form of proxy, and deliver it in accordance with the instructions set out in the form of proxy and in the Circular.**

The record date for entitlement to notice of the Meeting is May 1, 2023 (the “**Record Date**”). Each shareholder of the Corporation as at the Record Date shall be entitled to vote at the Meeting or any reconvened meeting following an adjournment thereof either in person or by proxy. A shareholder wishing to be represented by proxy at the Meeting or any reconvened meeting following an adjournment thereof must deposit their executed form of proxy with the Corporation’s transfer agent and registrar, TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department), on or before 10:00 a.m. (Vancouver time) on June 12, 2023, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened Meeting at which the proxy is to be used.

If you are a non-registered shareholder of the Corporation and received this Notice of Annual and Special Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

If you cannot attend the Meeting in person but would like to access the Meeting, you are invited to do so by following the instructions for attending a Zoom videoconference below. **Please note that you will not be able to vote at the Meeting by attending the Zoom call due to issues related to the verification of shareholder identity via videoconference.** Registered shareholders, and proxyholders representing registered shareholders, participating in the Meeting by way of Zoom will be considered present in person at the Meeting for the purposes of determining quorum. In order to access the Meeting through Zoom, please access the following link either through a website browser or by downloading the Zoom application: <https://us02web.zoom.us/j/82395641937?pwd=Z240MWZVcGdZZCtzNWdPR21iSHFnUT09>

DATED at Vancouver, British Columbia, this 1<sup>st</sup> day of May, 2023.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Martyn Buttenshaw”*

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**Martyn Buttenshaw**  
**Director**

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**RANCHERO GOLD CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES**

This management information circular (the “**Circular**”) is furnished in connection with the solicitation by management of Ranchero Gold Corp. (the “**Corporation**”) of proxies to be used at the annual and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held at Suite 910 – 800 West Pender Street, Vancouver, BC V6C 2V6 on the 14<sup>th</sup> day of June, 2023 at 10:00 a.m. (Vancouver time) and at any adjournment(s) or postponement(s) thereof for the purposes set forth in the enclosed notice of annual and special meeting of shareholders (the “**Notice of Meeting**”).

Proxies will be solicited primarily by mail but may also be solicited personally, by telephone, email or by facsimile by the directors or officers of the Corporation at nominal cost. The costs of proxy solicitation will be borne by the Corporation.

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation materials to the beneficial owners of common shares of the Corporation (“**Common Shares**”). The Corporation will provide, without cost to such persons, upon request to the Chief Executive Officer of the Corporation, additional copies of the foregoing documents required for this purpose.

Except where otherwise indicated, information contained in this Circular is given as of May 1, 2023.

All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.

**APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are representatives of management of the Corporation and are directors and/or officers of the Corporation. **A shareholder has the right to appoint a person or corporation (who need not be a shareholder of the Corporation) other than the persons designated in the accompanying form of proxy to represent the shareholder at the Meeting. Such right may be exercised by inserting the name of such person or company in the blank space provided in the form of proxy or by completing another proper form of proxy.**

A shareholder wishing to be represented by proxy at the Meeting or any reconvened meeting following an adjournment or postponement thereof must deposit their executed form of proxy with the Corporation’s transfer agent and registrar, TSX Trust Company (“**TSX Trust**”), 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department), on or before 10:00 a.m. (Toronto time) on June 12, 2023, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened Meeting at which the proxy is to be used. A proxy submitted in paper form should be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney.

In addition to any other manner permitted by law, a proxy may be revoked, before it is exercised, by an instrument in writing executed in the same manner as a proxy and deposited to the attention of Chief Executive Officer of the Corporation at c/o Suite 910 – 800 West Pender Street, Vancouver, BC V6C 2V6 at any time up to 10:00 a.m. (Vancouver time) on the last business day before the day of the Meeting or any reconvened meeting following an adjournment or postponement thereof at which the proxy is to be used

or with the Chair of the Meeting on the day of the Meeting or any reconvened meeting following an adjournment or postponement thereof and thereupon the proxy is revoked. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

### VOTING OF PROXIES

The Common Shares represented by proxy will be voted for or against or withheld from voting in accordance with the instructions of the shareholder, and, if a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by proxy shall be voted accordingly.

### EXERCISE OF DISCRETION BY PROXYHOLDERS

**If a specification is not made with respect to any matter, the proxy will confer discretionary authority and will be voted for the approval of such matter in accordance with management's recommendations set out herein.**

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting in such manner as the nominee in his or her judgment may determine. At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

### ADVICE TO BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance to many shareholders of the Corporation as a substantial number of shareholders do not hold their Common Shares in their own name and thus are considered non-registered shareholders.** Shareholders who do not hold their Common Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker then, in almost all cases, those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker or another similar entity (an "**Intermediary**"). Common Shares held by an Intermediary can only be voted by the Intermediary upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares.

**Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary.** Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. **Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which instructions should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as a proxyholder should enter their own name in the blank space on the form of proxy provided to them by their Intermediary and return the same to their Intermediary, in accordance with the instructions provided by their Intermediary, well in advance of the Meeting.**

### NON-OBJECTING BENEFICIAL OWNERS

There are two kinds of Beneficial Shareholders: Objecting Beneficial Owners (“**OBOs**”) who object to their name being made known to the issuer of the securities they own; and Non-Objecting Beneficial Owners (“**NOBOs**”) who do not object to the issuer of the securities they own knowing who they are. The Corporation is taking advantage of the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* that permit the Corporation to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form (“**VIF**”) from the Corporation’s transfer agent, TSX Trust. The VIF is to be completed and returned to TSX Trust as set out in the instructions provided on the VIF. TSX Trust tabulates the results of the VIFs it receives from NOBOs and provides appropriate voting instructions at the Meeting with respect to the shares represented by those VIFs.

These Meeting materials are being sent to both registered and non-registered owners of Common Shares. If you are a non-registered owner and the Corporation or its transfer agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding Common Shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions or form of proxy delivered to you.

The Intermediaries are responsible for forwarding the materials to each OBO, unless the OBO has waived the right to receive them. Management of the Corporation intends to pay for Intermediaries to forward the materials and voting instructions to OBOs.

### RECORD DATE

Only persons registered on the Common Share records of the Corporation at the close of business on May 1, 2023 (the “**Record Date**”) are entitled to vote at the Meeting if they personally attend the Meeting or deliver a form of proxy in the manner and subject to the provisions described above.

### QUORUM

The quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued Common Shares entitled to be voted at the Meeting.

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

Except as otherwise set out in this Circular, no person who has been a director or officer of the Corporation at any time since the beginning of its last completed financial year, proposed nominee for election as a director of the Corporation, or any associate or affiliate of any such director, officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and the appointment of the auditor.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value. At the Record Date, the Corporation has 65,737,322 issued and outstanding Common Shares, each of which carries the right to one vote. No preferred shares are currently issued and outstanding.

On a show of hands, every individual who is present as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders will have one vote for each Common Share registered in their name.

To the knowledge of the directors and executive officers of the Corporation, as at the date of the Circular, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation, other than as set out below:

Name	Number of Shares Held	Percentage of Shares Held
Pala Investments Limited ("Pala")	7,609,532 <sup>(1)</sup>	11.58%
Gustavo Mazón	39,634,418 <sup>(2)</sup>	60.29%

(1) These Common Shares are held in the name of Jayvee & Co. Pala is beneficially controlled by Vladimir Iorich, who owns 100% of the issued and outstanding shares of Pala. Pala holds legal and beneficial ownership of the Common Shares.

(2) These Common Shares are registered in the name of the following entities in the amounts specified: 8,471,018 for Inmopitic, S.A. de C.V., 9,213,400 for Golden Calf Mining S.A. de C.V., 8,500,000 for GC Grupo Cimarron, S.A. de C.V., 9,000,000 for Grupo Minero Tom Hast S.A. de C.V. and 4,450,000 for Inmuebles del Norte de Sonora, S.A. de C.V. Gustavo Mazón has control and direction over each of these entities.

## PRESENTATION OF FINANCIAL STATEMENTS

The comparative financial statements of the Corporation for the financial years ended December 31, 2021 and 2022, together with the auditor reports thereon, will be presented to the shareholders at the Meeting, but no vote by the shareholders with respect thereto is proposed to be taken. Receipt at the Meeting of the auditor's reports and the Corporation's financial statements for its most recently completed financial years ended December 31, 2021 and 2022 will not constitute approval or disapproval of any matters referred to therein. The audited financial statements of the Corporation for the financial years ended December 31, 2021 and 2022, together with the auditor reports thereon, have been filed and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## ELECTION OF DIRECTORS

The board of directors of the Corporation (the “**Board**”) currently consists of two directors. The Articles of the Corporation provide that the number of directors on the Board must be at least three. The number of directors to be elected at the Meeting has been set by the Board at three.

Except for Jesus Noriega, all of the nominees for election as directors of the Corporation are currently directors of the Corporation and have been directors since the date indicated below. Management does not contemplate that any of the following nominees will be unable to serve as a director of the Corporation; however, if that should occur for any reason before the Meeting, the persons named in the enclosed form of proxy shall have the right to vote for another nominee in their discretion. Each director elected at the Meeting will hold office until the next annual meeting of the shareholders of the Corporation or until his successor is duly elected or appointed.

Pursuant to the advance notice provisions in the Articles of the Corporation, which were approved by shareholders at the annual and special meeting of shareholders of the Corporation held on December 2, 2015 (which Articles are attached as Schedule “E” to the Corporation’s management information circular dated November 2, 2015 and filed on SEDAR under the Corporation’s profile at [www.sedar.com](http://www.sedar.com)) any additional director nominations for the Meeting must be received by the Corporation in compliance with the advance notice provisions no later than 5:00pm (Toronto time) on May 15, 2023. If no such nominations are received by the Corporation by such time, management’s nominees for election as directors set forth below shall be the only nominees eligible to stand for election at the Meeting, subject to the discretion of the Board and the provisions of the *Business Corporations Act* (British Columbia).

The following table states the name of each person proposed to be nominated by management for election as a director, the jurisdiction in which they are ordinarily resident, all offices of the Corporation now held by them, their principal occupation or employment during the past five years if such nominee is not presently an elected director, the period of time for which they have been a director of the Corporation, and the number of Common Shares beneficially owned by them or over which they exercises control or direction, directly or indirectly, as at the Record Date.

Name of Nominee, Province or State, Country of Residence, Position(s) with the Corporation <sup>(1)</sup>	Principal Occupation and, if not at Present an Elected Director, Employment for Last Five Years <sup>(1)</sup>	Period as a Director of the Corporation	Number of Common Shares <sup>(1)</sup>
<b>Gustavo Mazón</b> <sup>(2) (3)</sup> Hermosillo, Mexico <i>Director</i>	Director of Operadora de Empresas y Servicios SA de CV since January 2010.	Since October 7, 2021	39,634,418 <sup>(4)</sup>
<b>Martyn Buttenshaw</b> <sup>(2) (3)</sup> Zug, Switzerland <i>Director</i>	Director of the Corporation since March 2014. Interim CEO of the Corporation from August 2019 to October 2021. Managing Director and Advisor of Pala Investments from January 2010 to March 2020.	Since March 30, 2014	1,275

<b>Jesus Noriega</b> Hermosillo, Mexico <i>Director</i>	Chief Executive Officer of Golden Calf Mining SA de CV and Grupo Minero Puma SA de CV, and Country Manager of Minera Paika SA de CV	-	129,367
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- (1) The information as to place of residence, principal occupation and number of Common Shares beneficially owned or over which a nominee exercises control or direction, is not within the knowledge of management of the Corporation and has been furnished by the respective nominees.
- (2) Member of the Audit Committee.
- (3) Member of the Nomination and Compensation Committee.
- (4) See “*Voting Securities and Principal Holders of Voting Securities*” for details with respect to the ownership of these Common Shares controlled by Mr. Mazón.

Shareholders can vote for all of the proposed nominees for directors of the Corporation, vote for some of the proposed nominees and withhold for others, or withhold from voting for all or any of the proposed nominees.

**Management recommends that shareholders vote FOR the election of the proposed directors of the Corporation. Unless the shareholder directs that their Common Shares are to be withheld from voting in connection with the election of the proposed directors, the persons named in the enclosed form of proxy will vote FOR the election of the proposed directors of the Corporation.**

### **Biographies of Proposed Directors**

The following are short biographies of each nominee for election as a director of the Corporation:

*Martyn Buttenshaw* – Mr. Buttenshaw is a senior mining executive and experienced non-executive director with over 20 years of mining experience. Mr. Buttenshaw is currently Chairman of Atacama Copper Corp and most recently, an Operating Partner at Antarctica Capital where he was responsible for managing investments in the metals and minerals sector, with a particular focus upon the raw materials supply chain for the non-fossil fuel energy sector. Previously, Mr. Buttenshaw was a Managing Director with Pala Investments, a metals and minerals focused investment company, responsible for deal origination, mergers and acquisition, strategy development, and project financing across a range of commodities and metals and mining related industry sectors. Additionally, Mr. Buttenshaw has held senior roles with Anglo American in business development and as a senior mining engineer with Rio Tinto. Mr. Buttenshaw is a chartered mining engineer and holds an MBA with distinction from the London Business School and a MEng (First Class) in Mining Engineering from the Royal School of Mines, Imperial College, London.

*Gustavo Mazón* – Mr. Mazón is the Chief Executive Officer of the Mazón family group of companies. He is an experienced executive and successful entrepreneur with a strong focus in growth. He is an expert in good management practices and control implementation. He has had exposure in a wide variety of industries and engaged in large-scale infrastructure projects. Mr. Mazón holds a Bachelor of Business and Finance from ITESM in Monterrey, Mexico.

*Jesus Noriega* - Mr. Noriega is based in Hermosillo, Mexico where he is an operations manager with over ten years of experience managing service companies in the mining industry. He is an industrial engineer with master’s degrees in Business Management and Organizational Management from the Universidad del Valle de Mexico. Mr. Noriega is interim CEO of the Corporation and General Manager of Paika, Ranchero’s wholly owned subsidiary in Mexico.

## Cease Trade Orders, Bankruptcies, Penalties and Sanctions

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

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

Except as disclosed below, no proposed director of the Corporation:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) 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
- (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

On November 2, 2019, the Ontario Securities Commission issued a cease trade order against the Corporation. The cease trade order was issued in connection with the Corporation's failure to file its: audited annual financial statements for the period ended June 30, 2019; (ii) management's discussion and analysis relating to the audited annual financial statements for the period ended June 30, 2019; and (iii) corresponding certifications. Following the requisite filings of all outstanding continuous disclosure documents, the cease trade order was lifted on May 19, 2020.

Martyn Buttenshaw was a director of Melior Australia Pty. Ltd. and Goondicum Resources Pty. Ltd. (collectively, the "**Australian Subsidiaries**"), previously subsidiaries of the Corporation. On September 9, 2019, the Australian Subsidiaries appointed administrators under the *Australian Corporations Act 2001* (Cth).

On January 10, 2021, the Australian Subsidiaries were deregistered and are no longer subsidiaries of the Corporation.

### RE-APPOINTMENT OF AUDITOR

At the Meeting, the shareholders will be called upon to approve the re-appointment of Smythe LLP as independent auditor of the Corporation to hold office until the close of the next annual meeting of shareholders, and to authorize the Board to establish its remuneration.

**Management recommends that shareholders vote FOR the re-appointment of Smythe LLP as auditor of the Corporation and the authorization of the Board to fix the remuneration of the auditor. Unless the shareholder directs that their Common Shares are to be withheld from voting in connection with the re-appointment of the auditor, the persons named in the enclosed form of proxy will vote FOR the re-appointment of Smythe LLP as auditor of the Corporation and the authorization of the Board to fix the remuneration of the auditor. A majority of the votes cast by shareholders at the Meeting is required to approve the re-appointment of the auditor and to authorize the directors to fix the remuneration of the auditor.**

### APPROVAL OF NEW EQUITY INCENTIVE PLAN

#### ***Background***

On November 24, 2021, the TSX Venture Exchange (“TSXV”) implemented a new Policy 4.4 – *Security Based Compensation*, which among other things, required listed companies to adopt new forms of plans for the issuance of security based compensation or equity compensation. The Corporation has elected to adopt a “10% rolling security based compensation plan” (the “**Equity Incentive Plan**”) to replace the Corporation’s rolling 10% stock option plan (the “**Plan**”), which will allow for the issuance of incentive stock options, deferred share units, performance share units, restricted share units, stock appreciation rights (“**SARs**”), and stock purchase rights (“**SP Rights**”, and collectively, “**Awards**”). Pursuant to the Equity Incentive Plan, a maximum of 10% of the issued shares of the Corporation, from time to time, may be reserved for issuance pursuant to the exercise of all Awards granted thereunder. Material terms of the Equity Incentive Plan are set out below.

The purpose of the Equity Incentive Plan is to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Corporation by affording them with the opportunity to receive or acquire an equity interest in the Corporation through Awards granted under the Equity Incentive Plan.

#### ***Material Terms of the Equity Incentive Plan***

The Equity Incentive Plan is a 10% “rolling” equity incentive plan pursuant to which the maximum number of common shares of the Corporation reserved for issuance, together with all of the Corporation’s other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of common shares, shall not result in the number of common shares reserved for issuance pursuant to Awards exceeding 10% of the issued and outstanding common shares as at the date of grant of any Award. Pursuant to the terms of the Equity Incentive Plan, in addition to the ability to award options (“**Options**”) to acquire common shares of the Corporation to Participants (as defined below), the Corporation has the availability to award restricted share units (“**RSUs**”), deferred share units (“**DSUs**”), and performance share units (“**PSUs**”). Pursuant to the Equity Incentive Plan, the Corporation may grant SP Rights, meaning the Corporation may provide financial assistance (which cannot involve lending funds to a Participant for the

purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or a Participant may be allowed to purchase securities of the Corporation (which may be at a discount to fair market value), or a Participant may be entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market. The Corporation may also grant SARs pursuant to the Equity Incentive Plan whereby Participants will have the right to receive common shares, a cash payment, or any combination thereof, as determined by the Board, based wholly or in part on appreciation in the trading price of the Corporation's common shares. A copy of the Equity Incentive Plan is attached as a Schedule "A" hereto, and shareholders are encouraged to review the Equity Incentive Plan in its entirety. The final form of the Equity Incentive Plan is subject to the final acceptance of the TSXV. The summary of the Equity Incentive Plan is qualified in its entirety to the full copy of the Equity Incentive Plan attached as a Schedule "A" hereto.

The Equity Incentive Plan provides that:

1. All employees, officers, directors, consultants, management company employees, consultant companies and eligible charitable organizations (collectively, the **Participants**) are eligible to participate under the Equity Incentive Plan. Eligibility to participate does not confer any person any right to receive any grant of an Award pursuant to the Equity Incentive Plan. The extent to which any person is entitled to receive a grant of an Award pursuant to the Equity Incentive Plan will be determined in the sole and absolute discretion of the Board. Notwithstanding the foregoing, investor relations service providers may only be granted Options under the Equity Incentive Plan.
2. Awards of Options, RSUs, PSUs, DSUs, SARs, and SP Rights may be made under the Equity Incentive Plan. All Awards are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined in the sole and absolute discretion of the Board, subject to such limitations provided in the Equity Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations of the Equity Incentive Plan and in accordance with applicable law or the policies of the TSXV, the Board may accelerate or defer the vesting or payment of Awards, cancel or modify outstanding Awards, and waive any condition imposed with respect to Awards or common shares issued pursuant to Awards.
3. No Awards granted under the Equity Incentive Plan or any right thereunder or in respect thereof shall be transferable or assignable (other than upon the death of the Participant).
4. The maximum number of common shares issuable under the Equity Incentive Plan shall not exceed 10% of the number of common shares of the Corporation issued and outstanding as of each Award date, inclusive of all common shares reserved for issuance pursuant to previously granted Awards.
5. Awards will vest as the Board may determine, subject to the policies of the TSXV and the provisions of the Equity Incentive Plan, such as the 12-month probation of vesting for Awards other than Options and the requirement that Options granted to investor relations service providers must vest in stages over a period of not less than 12 months, such that no more than 25% vest any sooner than three months after the date of grant and not more than 25% vest any sooner than every three months thereafter.
6. If a change of control shall be deemed to be imminent, or to have occurred, there shall be immediate full vesting of each outstanding Option; provided, however, no acceleration to the vesting schedule of an Option granted to a Participant performing investor relations services may be made without prior acceptance of the TSXV. Unless otherwise determined by the Board, or unless otherwise provided in a Participant's service agreement or award agreement, if a change of control shall conclusively be deemed to be imminent, or to have occurred, then the Board shall have the discretion,

without the prior approval of the Participants but subject to any required approval of the TSXV, to, among other things, determine that there will be immediate full vesting of each outstanding Award (other than Options) granted, which may be exercised or settled, in whole or in part, even if such Award is not otherwise exercisable or vested by its terms.

7. The exercise price of any Options will be determined by the Board and cannot be less than the greater of: (i) the minimum price established by the TSXV and (ii) the market value of the common shares on the day preceding the date of grant of the Options. Subject to approval from the Board and the common shares being traded on the TSXV, a brokerage firm may be engaged to loan money to the Participant in order for the Participant to exercise the Options to acquire the common shares, subsequent to which the brokerage firm shall sell a sufficient number of common shares to cover the exercise price of such Options to satisfy the loan. The brokerage firm shall receive an equivalent number of common shares from the exercise of the Options, and the Participant shall receive the balance of the common shares or cash proceeds from the balance of such common shares. Subject to approval from the Board and the common shares being traded on the TSXV, consideration may also be paid by reducing the number of common shares otherwise issuable under the Options, in lieu of a cash payment to the Corporation, a Participant, excluding those providing investor relations services, only receives the number of common shares that is equal to the quotient obtained by dividing: (i) the product of the number of Options being exercised multiplied by the difference between the volume-weighted average trading price of the common shares and the exercise price of the Options, by (ii) the volume-weighted average trading price of the common shares.
8. The term of any Options will be fixed by the Board at the time such Options are granted, provided that Options will not be permitted to exceed a term of ten years, subject to extension where the expiry date falls within a blackout period in certain cases.
9. No more than (i) 5% of the issued common shares may be granted under Awards to any one individual in any 12-month period, unless disinterested shareholder approval is obtained in accordance with the policies of the TSXV; and (ii) 2% of the issued common shares may be granted under Awards to a consultant, or an employee performing investor relations activities, in any 12-month period.
10. Subject to the discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on the common shares, a Participant may be credited with additional RSUs, DSUs or PSUs.
11. Unless disinterested shareholder approval is obtained in accordance with the policies of the TSXV, the maximum number of common shares that may be issued to insiders (as a group) under the Equity Incentive Plan within a 12-month period, may not exceed 10% of the issued common shares calculated on the date of grant, and the maximum number of common shares that may be issued to insiders (as a group) under the Equity Incentive Plan may not exceed 10% of the issued common shares at any time.
12. All security based compensation granted or issued to any Participant who is a director, officer, employee, consultant or management company employee must expire within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under the Equity Incentive Plan. If a Participant ceases to be employed or engaged by the Corporation for cause, no Options will be exercisable following the date of on which such Participant ceased to be so employed or engaged, unless otherwise determined by the Board and subject to the terms of the Equity Incentive Plan. In the event of the retirement or termination of a Participant during the restricted period (as defined in the Equity Incentive Plan), any RSUs held by the Participant shall immediately terminate, subject to the discretion of the Board. In the event of the retirement or termination of a Participant following the restricted period (as defined in the Equity Incentive Plan)

and before the deferred payment date (as defined in the Equity Incentive Plan), the Participant shall be entitled to receive common shares or cash, as determined by the Board, in satisfaction of the RSUs then held. If a Participant ceases to be an employee or a director during the performance period (as defined in the Equity Incentive Plan) because of retirement or termination, all PSUs previously awarded to the Participant shall be forfeited, subject to the discretion of the Board.

13. Awards will be reclassified or amended as determined by the Board in the event of any declaration of stock dividends, consolidation, subdivision, conversion or exchange of the Corporation's common shares, subject to any necessary approvals of the TSXV.
14. The Equity Incentive Plan will be administered by the Board or a Board committee that may be designated from time to time.

### *Shareholder Approval of the Equity Incentive Plan*

The TSXV requires listed companies that have a rolling security based compensation plan like the Equity Incentive Plan to receive shareholder approval to such plan when adopted, and on a yearly basis thereafter at the Corporation's annual general meeting. At the Meeting, the shareholders of the Corporation will be asked to consider and approve an ordinary resolution, in substantially the form detailed in Schedule "B", in order to approve the Equity Incentive Plan, which resolution requires approval of greater than 50% of the votes cast by the shareholders who, being entitled to do so, vote, in person or by proxy, on the ordinary resolution at the Meeting.

The Board considers that the ability to grant incentives is an important component of its compensation strategy and is necessary to enable the Corporation to attract and retain qualified directors, officers, employees and consultants. **The Board therefore recommends that shareholders vote "FOR" the resolution approving the proposed new equity incentive plan.** Unless otherwise instructed, the persons named in the enclosed form of proxy will vote "FOR" the above resolution.

## STATEMENT OF EXECUTIVE COMPENSATION

The following disclosure is presented in accordance with applicable provisions of Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**").

### **Named Executive Officers**

For the purpose of this Circular:

"**CEO**" means each individual who acted as chief executive officer of the Corporation or acted in a similar capacity for any part of the most recently completed financial year;

"**CFO**" means each individual who acted as chief financial officer of the Corporation or acted in a similar capacity for any part of the most recently completed financial year; and

"**Named Executive Officer**" or "**NEO**" means: (a) a CEO; (b) a CFO; (c) the Corporation's most highly compensated executive officer, including any of the Corporation's subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity at the end of the most recently completed financial year.

During the Corporation's financial year ended December 31, 2022, the following individuals were the Named Executive Officers of the Corporation:

- Jesus Noriega, Interim CEO;
- Omar Gonzalez, CFO and Corporate Secretary;
- William Pincus, former CEO and Director;
- Brian Szeto, former President and Director; and
- Reena Sall, former CFO and Corporate Secretary.

#### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table provides a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to each Named Executive Officer and director of the Corporation during the two most recently completed financial years ended December 31, 2021 and 2022, excluding compensation securities.

**Table of Compensation excluding Compensation Securities**

Name and position	Year	Salary, consulting fee, retainer or commission (\$) <sup>(1)</sup>	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Jesus Noriega</b> <sup>(9)</sup> <i>Interim CEO</i>	2022	nil	nil	nil	nil	nil	nil
	2021	nil	nil	nil	nil	nil	nil
<b>Omar Gonzalez</b> <sup>(10)</sup> <i>CFO &amp; Corporate Secretary</i>	2022	nil	nil	nil	nil	nil	nil
	2021	nil	nil	nil	nil	nil	nil
<b>William Pincus</b> <sup>(2)</sup> <i>Former CEO &amp; Director</i>	2022	\$200,909	nil	nil	nil	nil	\$200,909
	2021	\$126,058	nil	nil	nil	nil	\$252,116
<b>Brian Szeto</b> <sup>(3)</sup> <i>Former President &amp; Director</i>	2022	\$173,333	nil	nil	nil	nil	\$173,333
	2021	nil	nil	nil	nil	nil	nil
<b>Reena Sall</b> <sup>(4)</sup> <i>Former CFO &amp; Corporate Secretary</i>	2022	\$88,000	nil	nil	nil	nil	\$88,000
	2021	\$72,000	nil	nil	nil	nil	\$72,000

Name and position	Year	Salary, consulting fee, retainer or commission (\$) <sup>(1)</sup>	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Gustavo Mazon</b> <sup>(5)</sup> <i>Director</i>	2022 2021	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
<b>Martyn Buttenshaw</b> <sup>(6)</sup> <i>Director</i>	2022 2021	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
<b>Steve Ristorcelli</b> <sup>(7)</sup> <i>Former Director</i>	2022 2021	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
<b>Chris Bradbrook</b> <sup>(8)</sup> <i>Former Director</i>	2022 2021	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil

(1) The Corporation does not pay cash director fees.

(2) Appointed President, CEO and Director on October 7, 2021; Resigned as President but remained as CEO and Director on January 11, 2022. Resigned as CEO and Director effective October 31, 2022. Amounts reflect compensation paid to Mr. Pincus while he was a director and officer of Rancho Gold Corp. (as it was then), a private company, prior to its three-cornered amalgamation with the Corporation by way of a reverse takeover transaction on October 7, 2021.

(3) Appointed President on January 11, 2022 and Director on March 7, 2022. Resigned as President on September 12, 2022 and as Director January 25, 2023.

(4) Appointed CFO and Corporate Secretary on October 7, 2021. Resigned on September 30, 2022. Amounts reflect compensation paid to Ms. Sall while she was an officer of Rancho Gold Corp. (as it was then), a private company, prior to its three-cornered amalgamation with the Corporation by way of a reverse takeover transaction on October 7, 2021.

(5) Appointed Director on October 7, 2021; Member of the Audit Committee.

(6) Appointed Director on March 30, 2014 and Chairman on December 13, 2017; Chair of the Audit Committee. Resigned as CEO and stepped down as Chairman on October 7, 2021.

(7) Appointed Director on October 7, 2021; Resigned on March 7, 2022.

(8) Appointed Director on March 7, 2022; Resigned on October 25, 2022.

(9) Appointed Interim CEO on October 14, 2022.

(10) Appointed CFO and Corporate Secretary on October 14, 2022.

### Stock Options and Other Compensation Securities

The only compensation securities available to be issued or granted by the Corporation to its directors and NEOs during the financial years ended December 31, 2021 and 2022 were incentive stock options under the Plan.

No incentive stock options were issued during the financial year ended December 31, 2021. The following table sets forth all compensation securities granted or issued to each NEO and director by the Corporation in the financial year ended December 31, 2022 for services provided or to be provided, directly or indirectly, to the Corporation:

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
<b>Jesus Noriega</b> <sup>(1)</sup> <i>Interim CEO</i>	Stock Options	75,000	February 1, 2022	\$0.29	\$0.27	\$0.045	February 1, 2027
<b>William Pincus</b> <sup>(2)</sup> <i>Former CEO and Director</i>	Stock Options	1,000,000	February 1, 2022	\$0.29	\$0.27	\$0.045	February 1, 2027
<b>Brian Szeto</b> <sup>(3)</sup> <i>Former President and Director</i>	Stock Options	1,000,000	February 1, 2022	\$0.29	\$0.27	\$0.045	February 1, 2027
<b>Reena Sall</b> <i>Former CFO and Corporate Secretary</i>	Stock Options	200,000	February 1, 2022	\$0.29	\$0.27	\$0.045	February 1, 2027
<b>Gustavo Mazon</b> <sup>(4)</sup> <i>Director</i>	Stock Options	200,000	February 1, 2022	\$0.29	\$0.27	\$0.045	February 1, 2027
<b>Martyn Buttenshaw</b> <sup>(5)</sup> <i>Director</i>	Stock Options	200,000	February 1, 2022	\$0.29	\$0.27	\$0.045	February 1, 2027
<b>Steve Ristorcelli</b> <i>Former Director</i>	Stock Options	200,000	February 1, 2022	\$0.29	\$0.27	\$0.045	February 1, 2027
<b>Chris Bradbrook</b> <i>Former Director</i>	Stock Options	200,000	March 7, 2022	\$0.29	\$0.29	\$0.045	March 7, 2027

(1) Holds 129,367 securities in the Corporation;

(2) Holds 695,553 securities in the Corporation;

(3) Holds 59,950 securities in the Corporation;

(4) Holds 30,421,018 securities in the Corporation; and

(5) Holds 1,275 securities in the Corporation

During the financial year ended December 31, 2022 no stock options were exercised. During the financial year ended December 31, 2022, 1,200,000 stock options expired.

### Stock Option Plans and Other Incentive Plans

In the financial year ended December 31, 2022, the only compensation plan of the Corporation was the Plan. The Plan provides for the grant of options to purchase Common Shares to eligible directors, senior officers, employees and consultants of the Corporation or any of its affiliates (“**Stock Option Participants**”). The

purpose of the Plan is to attract, retain, motivate and compensate persons who are integral to the growth and success of the Corporation. The Plan is administered by the Board. All of the powers exercisable by the Board under the Plan may, to the extent permitted by applicable law and as authorized by the Board, be exercised by the Nomination and Compensation Committee. The aggregate number of Common Shares currently reserved for issuance upon the exercise of options pursuant to the Plan is equal to 10% of the number of issued and outstanding Common Shares at the time of granting of an option.

The Plan is subject to the following restrictions:

- (a) The number of Common Shares reserved for issuance to any one non-employee director pursuant to options shall not exceed 2% of the total number of Common Shares issued and outstanding.
- (b) The number of Common Shares issuable to insiders pursuant to options granted under the Plan and all other security based compensation arrangements of the Corporation shall not, at any time, exceed 10% of the total number of Common Shares outstanding immediately prior to the grant of any such option.
- (c) The number of Common Shares issued to insiders pursuant to options granted under the Plan and all other security based compensation arrangements shall not, within a one-year period, exceed 10% of the total number of Common Shares outstanding immediately prior to the grant of any such option.
- (d) The number of Common Shares issued to any insider and such insider's associates pursuant to options granted under the Plan and all other security based compensation arrangements shall not, within a one-year period, exceed 5% of the total number of Common Shares outstanding immediately prior to the grant of any such option.
- (e) The number of options granted to any one Stock Option Participant under the Plan and all other security based compensation arrangements of the Corporation shall not result in the grant to such Stock Option Participant in excess of 5% of the number of Common Shares outstanding immediately prior to the grant of any such options within any one-year period unless disinterested shareholder approval is obtained.
- (f) The number of options granted to any one consultant under the Plan and all other security based compensation arrangements of the Corporation shall not result in the grant to such consultant of in excess of 2% of the number of Common Shares outstanding immediately prior to the grant of any such options within any one-month period.
- (g) The aggregate number of options granted to Stock Option Participants engaged in investor relations activities under the Plan shall not result in the grant to such Stock Option Participants of in excess of 2% of the number of Common Shares outstanding immediately prior to the grant of any such options within any one year period.

The exercise price of an option is set by the Board at the time of grant, but may not be less than the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed on the last trading day preceding the date on which the grant of the option is approved by the Board. The Plan provides for flexible vesting, at the discretion of the Board. Under the Plan, the Board determines the term of any options granted, which shall not exceed 10 years from the date of grant.

Except as provided in the Plan, no option may be exercised unless the Stock Option Participant is, at the time of such exercise, a director, senior officer, employee or consultant of the Corporation or its affiliates and has been continuously a director, senior officer, employee or consultant since the grant of such option.

A Stock Option Participant whose employment with the Corporation or its affiliates has been terminated without cause or due to death or disability of such Stock Option Participant may exercise its vested options before the earlier of: (i) the expiry date of the exercise period of such option; and (ii) 90 days following the date of such termination. A Stock Option Participant whose employment with the Corporation or its affiliates has been terminated with cause or voluntarily by such Stock Option Participant or who ceases to be a director or senior officer of the Corporation or its affiliates will lose the right to exercise its vested options immediately upon such termination. The termination of a Stock Option Participant with the Corporation or its affiliates will result in immediate termination of all unvested options granted to such Stock Option Participant. In the event of the death of a Stock Option Participant, the options granted to such Stock Option Participant shall be exercisable for a period of up to one year from the date of death of such Stock Option Participant.

If a take-over bid or issuer bid is made for any of the issued and outstanding Common Shares or if there is a change of control of the Corporation, the Board may permit all options outstanding, vested and unvested, under the Plan to become immediately exercisable. If there is a consolidation or reorganization of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities or a transfer of all or substantially all of the assets of the Corporation to another entity, upon the exercise an option under the Plan, the holder shall be entitled to receive the securities, property or cash which the holder should have received upon such event if the holder had exercised the option immediately prior to such event, unless determined otherwise by the Board.

The following types of amendments to the Plan or an option granted under the Plan require shareholder approval: (a) any increase in the maximum number of Common Shares issuable under the Plan; (b) any reduction in the exercise price of outstanding options; (c) the cancellation of any option for the purpose of exchange for re-issuance at a lower exercise price to the same person; (d) any extension of the expiry date of an outstanding option (other than in accordance with the Plan); (e) any extension of the expiry date of an outstanding option, except where the expiry date has been accelerated due to death, retirement, disability or otherwise of the Stock Option Participant, provided that such option may not be extended beyond the expiry date originally set at the time of the grant; (f) any amendment to transferability provisions of the Plan, other than to permitted assigns or for estate planning or estate settlement purposes; (g) any amendment for which applicable law or rules of the TSXV require approval of the shareholders of the Corporation; (h) any change in the matters requiring shareholder approval under the Plan; and (i) any expansion in the class of Stock Option Participants to whom options may be granted under the Plan. The Board may approve all other amendments to the Plan or options granted under the Plan.

The Plan was last amended on September 21, 2021, and was last approved by shareholders of the Corporation at the annual and special meeting of shareholders held on December 2, 2021. A shareholder may obtain a copy of the Plan by contacting the Corporation by telephone at 303-589-3734 or by email at [info@rancherogold.com](mailto:info@rancherogold.com). A copy of the Plan will be available for inspection at the Meeting. Pursuant to the TSXV Corporate Finance Manual, rolling plans, such as the Plan, must receive shareholder approval yearly at the annual meeting of shareholders.

The shareholders of the Corporation will be asked at the Meeting to approve the adoption of the Equity Incentive Plan, which will replace the Plan, subject to the approval of shareholders of the Corporation and the final acceptance of the TSXV. See “*Approval of New Equity Incentive Plan*” for details regarding the Equity Incentive Plan.

## **Employment, Consulting and Management Agreements**

Jesus Noriega was appointed interim CEO of the Corporation on October 14, 2022, and is engaged pursuant to a consulting agreement in consideration for a monthly fee of US\$3,000. Under the terms of the consulting agreement, Mr. Noriega must receive a minimum of seven days' notice, except if he commits serious misconduct or fails to perform his duties, in which case termination may occur without notice or payment in lieu of notice. Mr. Noriega's consulting agreement does not contain any change of control provisions.

Omar Gonzalez is an employee of Marelli Support Services and was appointed CFO and Corporate Secretary of the Corporation on October 14, 2022, and is engaged pursuant to a consulting agreement in consideration for an annual fee of C\$6,600. The agreement terms provide for a notice period of thirty (30) days and payment of three months consulting fees upon termination without a cause, except if he commits serious misconduct or fails to perform his duties, in which case termination may occur without notice or payment in lieu of notice. Mr. Gonzalez's consulting agreement does not contain any change of control provisions.

Brian Szeto was appointed as President on January 11, 2022 and was employed pursuant to a consulting agreement. Under the terms of the consulting agreement, Mr. Szeto was entitled to receive a minimum of 14 days' notice, except if he committed serious misconduct or failed to perform his duties, in which case termination may occur without notice or payment in lieu of notice. In the event of any change of control of the Corporation, the agreement contained a provision for payment of \$260,000 plus Mr. Szeto's average bonus in the two years immediately prior to the change in control. In the event that the market capitalization of the Corporation was at least \$100,000,000, the agreement contained a provision for payment of \$512,000 plus two times Mr. Szeto's average bonus in the two years immediately prior the change in control. Mr. Szeto resigned as President on September 12, 2022 and as a director on January 25, 2023. Mr. Szeto's consulting agreement was terminated on September 12, 2022.

Reena Sall was appointed CFO and Corporate Secretary on October 7, 2021, and was engaged pursuant to a consulting agreement. The agreement terms provided that Ms. Sall was entitled to 30 days' written notice or payment in lieu of such notice of 30 days' salary. The Corporation was entitled to terminate Ms. Sall's employment at any time if she committed any act of serious misconduct without notice or payment in lieu thereof. Ms. Sall's consulting agreement did not contain any change of control provisions. Ms. Sall resigned as CFO and Corporate Secretary effective September 30, 2022 and her consulting agreement was terminated.

William Pincus was appointed President and CEO on October 7, 2021, and was engaged pursuant to a consulting agreement. Mr. Pincus resigned as President on January 11, 2022, but remained as CEO, and was engaged pursuant to an amended consulting agreement. Under the terms of the amended consulting agreement, Mr. Pincus was entitled to receive a minimum of 14 days' notice, except if he committed serious misconduct or failed to perform his duties, in which case termination may occur without notice or payment in lieu of notice. In the event of any change of control of the Corporation, the agreement contained a provision for payment of US\$180,000 plus Mr. Pincus' average bonus in the two years immediately prior to the change in control. In the event that the market capitalization of the Corporation was at least \$100,000,000, the agreement contained a provision for payment of US\$360,000 plus two times Mr. Pincus' average bonus in the two years immediately prior the change in control. Mr. Pincus resigned as CEO and a director effective October 31, 2022 and Mr. Pincus' amended consulting agreement was terminated.

If the current CEO and CFO had been terminated on December 31, 2022, they would have been entitled to \$nil and \$nil, respectively.

## **Oversight and Description of Director and Named Executive Officer Compensation**

The Corporation has appointed a Nomination and Compensation Committee. The principal duties and responsibilities of the Nomination and Compensation Committee with respect to compensation are to make recommendations to the Board in respect of compensation policies and guidelines; management incentive and perquisite plans and any nonstandard remuneration plans; senior management, executive and officer compensation; and Board compensation matters.

The Corporation's policies on executive compensation are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of the Corporation's achievements. The overriding principles in establishing executive compensation provide that compensation should reflect:

- (a) fair and competitive compensation commensurate with an individual's experience and expertise in order to attract and retain highly qualified executives;
- (b) recognition and encouragement of leadership, entrepreneurial spirit and team work;
- (c) an alignment of the financial interests of the executives with the financial interests of the shareholders of the Corporation;
- (d) security based compensation and, in certain circumstances, bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives; and
- (e) a contribution to enhancement of shareholder value.

The Nomination and Compensation Committee is responsible for, among other things, making recommendations to the Board with respect to officer and director compensation, incentive compensation plans and equity-based plans. The recommended salary and incentives are then reviewed and approved by the Board in accordance with the Charter of the Nomination and Compensation Committee.

There are three elements to the Corporation's executive compensation program: (1) base salary; (2) short term compensation incentives for annual and personal performance; and (3) long-term compensation incentives related to long-term increase in Common Share value. Officers and directors are not permitted to purchase financial instruments including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such officers and directors.

#### *Base Salary*

The base salary for executive officers of the Corporation is reviewed and established annually, at or near the beginning of the financial year. Base salaries are based on the particular executive officer's personal performance and seniority, contribution to the business of the Corporation and the size and stage of development of the Corporation. Base salaries are also reviewed from time-to-time to ensure comparability with industry norms.

#### *Short-Term Compensation Incentives*

The Corporation may from time-to-time award discretionary bonuses. Bonuses may be awarded to certain executives where such executives meet personal objectives or where the Corporation achieves certain objectives as a direct or indirect result of such executive's efforts.

### Long-Term Compensation Incentives

Long-term incentive compensation for executive officers is provided through grants of security based compensation pursuant to the equity compensation plan of the Corporation. Security based compensation grants to executive officers are generally reviewed annually. The number of security based compensation granted is based on each executive's salary range, responsibility and performance and takes into account the number and terms of security based compensation that have been granted to that executive previously.

The shareholders of the Corporation will be asked at the Meeting to approve the adoption of the Equity Incentive Plan, which will replace the Plan, subject to the approval of the shareholders of the Corporation and the final acceptance of the TSXV. See "Approval of New Equity Incentive Plan" for details of the approval of the Equity Incentive Plan.

The compensation of executive officers is set within guidelines developed by the Board and is consistent with the principles set out above. No specific quantitative targets are set by the Board with respect to the compensation of executive officers. In addition, although the performance of the Corporation is a factor that the Board considers when determining or approving the compensation of executive officers, it is primarily the factors described above that determine the compensation of the executive officers. The Board has considered the implications of the risks associated with the Corporation's compensation policies and practices and has not identified any risks that are reasonably likely to have a material adverse effect on the Corporation.

### Pension Disclosure

The Corporation does not provide retirement or pension benefits for directors or Named Executive Officers.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information concerning the number of securities authorized for issuance under the Plan as at December 31, 2022. The Corporation currently has no equity compensation plans other than the Plan. Shareholders at the Meeting will be asked to approve the Equity Incentive Plan to replace the Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders	2,200,000	\$0.29	4,373,732
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
<b>Total</b>	<b>2,200,000</b>	<b>\$0.29</b>	<b>4,373,732</b>

1. Based on 65,737,322 Common Shares being issued and outstanding as of December 31, 2022.

The aggregate number of Common Shares reserved for issuance upon the exercise of options pursuant to the Plan is such number of Common Shares as is equal to 10% of the number of issued and outstanding Common Shares from time to time. As at the date hereof, the maximum number of Common Shares which

may be issued under the Plan is 6,573,732 (representing 10% of the 65,737,322 Common Shares currently issued and outstanding).

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practice* (“NI 58-101”) and National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”) set out a series of guidelines for effective corporate governance. Each reporting issuer, including the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The Corporation’s disclosure with respect to its corporate governance practices is attached to this Circular as Schedule “C”.

## AUDIT COMMITTEE INFORMATION

Pursuant to the provisions of Section 224 of the *Business Corporations Act* (British Columbia) and the policies of the TSXV, the Corporation is required to have an Audit Committee, which, at the present time, is comprised of Gustavo Mazón (independent and financially literate), and Martyn Buttenshaw (non-independent and financially literate).

The Corporation must also, pursuant to the provisions of National Instrument 52-110 - *Audit Committees* (“NI 52-110”), provide the following information regarding its Audit Committee to its shareholders in this Circular.

### Audit Committee Charter

The Corporation has a written charter which sets out the duties and responsibilities of the Audit Committee. The text of the charter is attached to this Circular as Schedule “D”.

### Composition of the Audit Committee

The Audit Committee is composed of the following:

Gustavo Mazón	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Martyn Buttenshaw (Chair)	Non-Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

- (1) A member of an audit committee is independent if, in addition to meeting other regulatory requirements, the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment pursuant to NI 52-110.
- (2) An individual is financially literate if they have the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

### Relevant Education and Experience

Each member of the Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements and the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and provisions;

- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

See “Election of Directors – Biographies of Proposed Directors” for details on the relevant education and experience of the members of the Audit Committee.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation’s most recently completed financial year, has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation’s most recently completed financial year ended December 31, 2022, has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), the exemptions in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) (*Events Outside Control of Member*), Subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

The Corporation is relying on the exemption in section 6.1 of NI 52-110, which exempts venture issuers, as defined in NI 52-110, from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### **Pre-approval Policies and Procedures**

The Audit Committee requires the Corporation to obtain Audit Committee approval for any non-audit services exceeding immaterial amounts. The Audit Committee has pre-approved certain non-audit services under prescribed limits; for all other services and services above these limits, specific consideration by, and approval of, the Audit Committee is required.

### **External Auditor Service Fees**

The following are the aggregate fees incurred by the Corporation for services provided by its external auditors during the financial years ended December 31, 2021 and 2022:

Nature of Services	Fees Billed by the Auditor During the Period Ended December 31, 2021	Fees Billed by the Auditor During the Period Ended December 31, 2022
Audit Fees <sup>(1)</sup>	\$46,000	\$43,000
Audit-Related Fees <sup>(2)</sup>	\$nil	\$nil
Tax Fees <sup>(3)</sup>	\$nil	\$nil

All Other Fees <sup>(4)</sup>	\$15,158	\$nil
<b>Total</b>	<b>\$61,158</b>	<b>\$43,000</b>

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees related to the preparation of the Corporation's tax returns.
- (4) "All Other Fees" include all other non-audit services.

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

No individual who is, or at any time during the most recently completed financial year of the Corporation was, a director or executive officer of the Corporation, no proposed nominee for election as a director of the Corporation, or any associate of any one of them is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation or was indebted to another entity, which such indebtedness is, or was at any time during the most recently completed financial year of the Corporation, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

### **MANAGEMENT CONTRACTS**

There are no management functions of the Corporation that are to any substantial degree performed by a person other than a director or executive officer of the Corporation.

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

To the knowledge of the Corporation: (i) no director, proposed nominee for election as a director or executive officer of the Corporation, (ii) no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Corporation's outstanding voting securities, (iii) no director or executive officer of a company referred to in (ii) above or of a subsidiary of the Corporation, and (iv) no associate or affiliate of the persons or companies referred to in (i), (ii) and (iii) above had any material interest, direct or indirect, in any transactions since the commencement of the Corporation's most recently completed financial year, or has any material interest, direct or indirect, in any proposed transactions, that materially affected or would materially affect the Corporation or any of its subsidiaries.

### **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation is available under its profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative annual financial statements and management's discussion and analysis ("**MD&A**") for its most recently completed financial years ended December 31, 2021 and December 31, 2022. The Corporation's financial statements and MD&A for its most recently completed financial years ended December 31, 2021 and December 31, 2022, together with the auditor reports thereon, have been filed and are available on SEDAR. Shareholders of the Corporation may also request copies of the Corporation's financial statements and MD&A by contacting the Corporation at c/o Suite 910 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6, telephone: (303) 589-3734.

## APPROVAL

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

BY ORDER OF THE BOARD

(Signed) *Martyn Buttenshaw*

Name: Martyn Buttenshaw

Title: Director

**SCHEDULE "A" EQUITY INCENTIVE PLAN**

*[this is a cover page only]*

**RANCHERO GOLD CORP.**

**EQUITY INCENTIVE PLAN**

**(10% rolling Security Based Compensation Plan)**

**EFFECTIVE DATE: [●], 2023**

**RANCHERO GOLD CORP.**  
(the “Corporation”)

**EQUITY INCENTIVE PLAN**

**PART 1**  
**PURPOSE**

**1.1 Establishment of the Plan**

The Corporation hereby establishes this Plan to govern the grant, administration and exercise of Security Based Compensation which may be granted to eligible Participants. The maximum number of Shares issuable under this Plan shall not exceed 10% of the number of Issued Shares of the Corporation outstanding as of the date of each grant hereunder, inclusive of all Shares then reserved for issuance pursuant to previously granted stock options or security based compensation plans.

**1.2 Principal Purposes**

The principal purposes of this Plan are to provide the Corporation with the advantages of the incentive inherent in stock ownership on the part of Directors, Officers, Employees and Consultants responsible for the continued success of the Corporation; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage such individuals to remain with the Corporation; and to attract new Directors, Officers, Employees and Consultants to the Corporation.

**1.3 Available Awards**

Awards that may be granted under this Plan include Stock Options; Deferred Share Units; Restricted Share Units; Performance Share Units; Share Appreciation Rights and Stock Purchase Rights.

**PART 2**  
**INTERPRETATION**

**2.1 Definitions**

“**Affiliate**” has the meaning set forth in Exchange Policy 1.1.

“**Applicable Laws**” means all legal requirements relating to the administration of equity compensation plans, if any, under applicable corporate laws, any applicable provincial securities laws and the rules and regulations promulgated thereunder, the requirements of the Exchange, and the laws of any foreign jurisdiction applicable to securities granted to residents therein.

“**Associate**” means, where used to indicate a relationship with any Person,

- (a) any relative, including the spouse, son or daughter, of that Person or a relative of that Person’s spouse, if the relative has the same address as that Person,
- (b) any partner, other than a limited partner, of that Person,
- (c) any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or
- (d) any corporation of which such Person beneficially owns, directly or indirectly, voting securities carrying more than ten percent of the voting rights attached to all outstanding voting securities of the corporation.

“**Award**” means any right granted under this Plan, including Stock Options, DSUs, RSUs, PSUs, SARs and SP Rights.

“**BCA**” means the *Business Corporations Act* (British Columbia).

“**Blackout Period**” means a period in which the trading of Shares or other securities of the Corporation is restricted pursuant to its internal trading policies, which has been formally imposed by the Corporation as a result of the bona fide

existence of undisclosed material information; and which expires following the general disclosure of the undisclosed material information (provided that, for clarity, the automatic extension of a Participant's Awards will not be permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under Applicable Laws) in respect of the Corporation's securities).

**"Board"** means the board of directors of the Corporation or a committee of the Board to which a responsibility or power has been delegated pursuant to Section 12.1(b)(iv) hereto.

**"Change of Control"** means the occurrence and completion of an event where any person, entity or group of persons or entities acting jointly or in concert acquires or gains ownership or control (including, without limitation, the power to vote) of more than 50% of the Corporation's outstanding voting securities.

For the purposes of the foregoing, "voting securities" means Shares and any other shares entitled to vote for the election of directors and shall include any securities, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

**"Charitable Organization"** means "charitable organization" as defined in the Tax Act.

**"Charitable Stock Option"** means any Stock Option granted to an Eligible Charitable Organization.

**"Code"** means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding guidance thereunder.

**"Consultant"** means an individual (other than a Director, Officer or Employee of the Corporation or of any of its subsidiaries) or Consultant Company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a distribution of securities;
- (b) provides the services under a written contract between the Corporation or any of its subsidiaries; and
- (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries.

**"Consultant Company"** means a Consultant that is a corporation.

**"Corporation"** means Rancho Gold Corp., a company incorporated under the laws of British Columbia.

**"Date of Grant"** means, for any Stock Option, the date specified by the Board at the time it grants the Stock Option (which, for greater certainty, shall be no earlier than the date on which the Board meets or otherwise acts for the purpose of granting such Stock Option) or if no such date is specified, the date upon which the Stock Option was granted;

**"Deferred Payment Date"** for a Participant means the date after a Restricted Period which is the earlier of (i) the date which the Participant has elected to defer receipt of Shares under an RSU in accordance with Section 4.4 of this Plan; and (ii) the Participant's Separation Date.

**"Deferred Share Unit"** or **"DSU"** means a right granted to a Participant by the Corporation as compensation for employment or consulting services or services as a Director or Officer, to receive by way of a DSU Payment, for no additional cash consideration, securities of the Corporation on a deferred basis (which is typically after the earliest of the Retirement, termination of employment or death of the Participant), evidenced by a DSU Agreement.

**"Designated Affiliate"** means subsidiaries of the Corporation designated by the Board from time to time for purposes of this Plan.

**"Director"** means a director of the Corporation or an Affiliate.

**“Director Retirement”** in respect of a Participant, means the Participant ceasing to hold any directorships with the Corporation, any Designated Affiliate and any entity related to the Corporation for purposes of the Tax Act as a result of retirement in a manner or on such basis as acceptable to the Corporation.

**“Director Separation Date”** means the date that a Participant ceases to hold any directorships with the Corporation or any Designated Affiliate due to a Director Retirement or Director Termination and also ceases to serve as an Employee or Consultant with the Corporation, any Designated Affiliate or any entity related to the Corporation for the purposes of the Tax Act.

**“Director Termination”** means the removal of, resignation or failure to re-elect the Director (excluding a Director Retirement) as a director of the Corporation, a Designated Affiliate and any entity related to the Corporation for purposes of the Tax Act.

**“Disability”** means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity.

**“Disinterested Shareholder Approval”** means approval by the shareholders of the Corporation in accordance with Exchange Policy 4.4.

**“DRS”** means Direct Registration System.

**“DSU Agreement”** means a written confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Deferred Share Unit and entered into in accordance with Section 5.2.

**“DSU Payment”** means, subject to any adjustment in accordance with Section 5.4 of this Plan, the issuance to a Participant of one previously unissued Share for each whole DSU credited to such Participant.

**“Effective Date”** means the date this Plan becomes effective, which shall be upon receipt of all shareholder and regulatory approvals.

**“Eligible Charitable Organization”** means: (i) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation; or (ii) a Registered National Arts Service Organization (as all of such terms are defined in the Tax Act).

**“Employee”** means a person (who may be an Officer or Director) who is:

- (a) an individual who is considered an employee of the Corporation or of its subsidiary under the Tax Act and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
- (b) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
- (c) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source,

whether or not they have a written employment contract with the Corporation or a subsidiary, determined by the Board as employees eligible for participation in this Plan. Employees also include Service Providers eligible for participation in this Plan as determined by the Board.

**“Exchange”** means the TSX Venture Exchange, or any successor entity, which is the principal stock exchange on which the Shares are listed for trading.

“**Exchange Policies**” mean the policies set forth in the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Exchange Policy 1.1**” means Policy 1.1 – *Interpretation* of the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Exchange Policy 4.4**” means Policy 4.4 – *Security Based Compensation* of the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Fair Market Value**” with respect to Shares as of any date, means the closing market price of the Shares on the trading day prior to such date, and for the purposes of establishing the exercise price per Share of any Stock Option, or the value of any Share underlying a RSU, DSU or PSU on the grant date, the Fair Market Value means the closing market price of the Shares on the trading day prior to the date of grant of the applicable Award.

“**Insider**” means (a) a Director or Officer of the Corporation, (b) a director or Officer of a company that is an Insider or subsidiary of the Corporation; or (c) a Person that beneficially owns or controls, directly or indirectly, or a combination of beneficial ownership of, and control and direction over, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares.

“**Investor Relations Activities**” has the meaning ascribed in Exchange Policy 1.1.

“**Investor Relations Service Provider**” includes any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities.

“**Issued Shares**” means the number of Shares of the Corporation that are issued and outstanding on a non-diluted basis at a particular point in time.

“**Management Company Employee**” means an individual employed by a company providing management services to the Corporation, which services are required for the ongoing operation of the business enterprise of the Corporation.

“**Market Price**” means the market value of the Shares as determined in accordance with Section 3.2.

“**Multiplier(s)**” means the factor(s) by which a Participant’s PSUs may be multiplied, as determined by the Board and set out in the applicable PSU Agreement, commonly based on performance measures.

“**Officer**” means an officer (as defined under Securities Laws) of the Corporation or any of its subsidiaries.

“**Option Period**” means the period during which a Stock Option is outstanding.

“**Optionee**” means a Participant to whom a Stock Option has been granted under this Plan.

“**Participant**” means a Director, Officer, Employee, Management Company Employee, Consultant, Consultant Company, or Eligible Charitable Organization that is the recipient of an Award granted or issued by the Corporation.

“**Performance Period**” means the period provided for in Section 6.3.

“**Performance Share Unit**” or “**PSU**” means a right granted to a Participant by the Corporation as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, securities of the Corporation upon specified vesting criteria being satisfied (which are typically performance based) and which may provide that, upon vesting, the award may be paid in cash and/or Shares (at the option of the Board); represented by a PSU Agreement evidencing the right of such Participant to receive the value of one Share at the time of payment, multiplied by any applicable Multiplier(s).

“**Person**” includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative.

“**Plan**” means this Equity Incentive Plan, as it may be amended and restated from time to time.

“**Prior Plan**” has the meaning given to such term in Section 11.22.

“**PSU Agreement**” means a written confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Performance Share Unit and entered into in accordance with Section 6.1.

“**Restricted Period**” means any period of time that a Restricted Share Unit is not vested and the Participant holding such Restricted Share Unit remains ineligible to receive the relevant Shares, determined by the Board in its absolute discretion, however, such period of time may be reduced or eliminated from time to time and at any time (subject to being not less than 12 months) and for any reason as determined by the Board, including, but not limited to, circumstances involving death or disability of a Participant.

“**Restricted Share Unit**” or “**RSU**” means a right granted to a Participant as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, securities of the Corporation upon specified vesting criteria being satisfied (which are typically time based) and which may provide that, upon vesting, the award may be paid in cash and/or Shares (at the option of the Board), represented by an RSU Agreement evidencing the right of such Participant to receive the value of one Share at the time of payment.

“**Retirement**” in respect of an Employee or Officer, means ceasing to hold any employment or engagement with the Corporation or any Designated Affiliate as a result of retirement in a manner or on such basis as acceptable to the Corporation.

“**RSU Agreement**” means a written confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Restricted Share Unit and entered into in accordance with Section 4.2.

“**SAR**” or “**Stock Appreciation Right**” means a right granted to a Participant as compensation for employment or consulting services or services as a Director or Officer, to receive cash and/or Listed Shares (at the option of the Board) based wholly or in part on appreciation in the trading price of the Corporation’s Shares.

“**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to a corporation.

“**Security Based Compensation**” has the meaning given to such term in Exchange Policy 4.4.

“**Separation Date**” means the date that a Participant ceases to be eligible to be a Participant under this Plan.

“**Service Agreement**” means any written agreement between a Participant and the Corporation or any subsidiary of the Corporation (as applicable), in connection with that Participant’s employment, service or engagement as a Director, Officer, Employee or Consultant or the termination thereof, as amended, replaced or restated from time to time.

“**Service Provider**” means any person or company engaged by the Corporation or a Designated Affiliate to provide services for an initial, renewable or extended period of 12 months or more.

“**Shareholder**” means a holder of Shares.

“**Shares**” means the common shares of the Corporation.

“**Specified Employee**” means a U.S. Taxpayer who meets the definition of “specified employee”, as defined in Section 409A(a)(2)(B)(i) of the Code.

“**Stock Option**” means a right granted to a Participant to acquire Shares at a specified price for a specified period of time.

“**Stock Option Agreement**” means a written certificate, confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive

compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Stock Option and entered into in accordance with Part 3.

“**Stock Purchase Right**” or “**SP Right**” means the provision by the Corporation of financial assistance (which cannot involve lending funds to a Participant for the purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or pursuant to which a Participant is allowed to purchase securities of the Corporation (often at a discount to Fair Market Value), or pursuant to which the Participant is entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market.

“**Tax Act**” means the *Income Tax Act* (Canada) as amended from time to time.

“**Termination**” means the termination of the employment or engagement (or consulting services) of an Employee or Officer with or without cause by the Corporation or a Designated Affiliate or the cessation of employment or engagement (or consulting services) of the Employee or Officer with the Corporation or a Designated Affiliate as a result of resignation or otherwise, other than as a Retirement.

“**U.S. Taxpayer**” means a Participant who is a U.S. citizen, U.S. permanent resident or other person who is subject to taxation on their income under the Code.

“**VWAP**” means the volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the applicable date. Where appropriate, internal crosses and certain other special trades may be excluded from the calculation.

## 2.2 Interpretation

- (a) This Plan is created under and is to be governed, construed and administered in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (b) Whenever the Board (or Board committee, as the case may be) is to exercise discretion in the administration of the terms and conditions of this Plan, the term “**discretion**” means the sole and absolute discretion of the Board (or Board committee, as the case may be).
- (c) As used herein, the terms “**Part**” or “**Section**” mean and refer to the specified Part or Section of this Plan, respectively.
- (d) Where the word “**including**” or “**includes**” is used in this Plan, it means “including (or includes) without limitation”.
- (e) Words importing the singular include the plural and vice versa, and words importing any gender include any other gender.
- (f) Unless otherwise specified, all references to money amounts are to Canadian dollars.

## PART 3 STOCK OPTIONS

### 3.1 Participation

The Corporation may from time to time grant Stock Options to Participants pursuant to this Plan.

### 3.2 Exercise Price of a Stock Option

The exercise price at which a Participant may purchase a Share upon the exercise of a Stock Option shall be determined by the Board and shall be set out in the Stock Option Agreement issued in respect of the Stock Option. The Exercise Price shall not be less than the Market Price of the Shares as of the Date of Grant. The Market Price of the Shares for a particular Date of Grant shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Price will be:
  - (i) the closing trading price of the Shares on the day immediately preceding the issuance of the news release announcing the grant of the Stock Option, or

- (ii) if, in accordance with the policies of the Exchange, the Corporation is not required to issue a news release to announce the grant and exercise price of the Stock Option, the closing trading price of the Shares on the day immediately preceding the Date of Grant,

and may be less than this price if it is within the discounts permitted by the applicable regulatory authorities;

- (b) if the Shares are listed on more than one organized trading facility, the Market Price shall be the Market Price as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Board, subject to any adjustments as may be required to secure all necessary regulatory approvals;
- (c) if the Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Price will be, subject to any adjustments as may be required to secure all necessary regulatory approvals, such value as is determined by the Board; and
- (d) if the Shares are not listed on any organized trading facility, then the Market Price will be, subject to any adjustments as may be required to secure all necessary regulatory approvals, such value as is determined by the Board to be the fair value of the Shares, taking into consideration all factors that the Board deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length.

Notwithstanding anything else contained herein, in no case will the Market Price be less than the minimum prescribed by each of the organized trading facilities that would apply to the Corporation on the Date of Grant in question. Further, with respect to any Stock Option granted to a U.S. Taxpayer, the Market Price in no case will be less than the Fair Market Value on the date of grant of the Stock Option. If the Shares are not listed on any organized trading facility, then, with respect to any Stock Option granted to a U.S. Taxpayer, the Market Price shall be determined in a manner that avoids application of penalty taxes under Section 409A of the Internal Revenue Code.

### **3.3 Grant of Stock Options**

The Board may at any time authorize the granting of Stock Options to such Participants as it may select for the number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of a Stock Option shall be the date such grant was approved by the Board.

Each Stock Option granted to a Participant shall be evidenced by a Stock Option Agreement with terms and conditions consistent with this Plan and as approved by the Board (and in all cases which terms and conditions need not be the same in each case, and may be changed from time to time subject to any required approval of Disinterested Shareholders and the Exchange).

### **3.4 Terms of Stock Options**

The Option Period shall be for such term as the Board may determine at the date of grant, provided that:

- (a) Stock Options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a Blackout Period);
- (b) the term may thereafter be reduced with respect to any such Stock Option as provided for herein regarding termination of employment / engagement or death of the Optionee; and
- (c) should the expiry date of the Option Period in respect of any outstanding Stock Option be determined to occur either during a Blackout Period, the expiry date of such Option Period shall be deemed to be the date that is the tenth business day following the expiry of the Blackout Period. Notwithstanding the foregoing, with respect to any Stock Option granted to a U.S. Taxpayer, no Stock Option shall be extended beyond its maximum expiry date provided in the applicable Stock Option Agreement, to the extent such extension would trigger application of penalty taxes under Section 409A of the Internal Revenue Code.

### **3.5 Vesting**

Subject to the limitations in Part 11 and all Applicable Laws, the vesting schedule for a Stock Option, if any, shall be determined by the Board and shall be set out in the Stock Option Agreement issued in respect of the Stock Option. The

Board may elect, at any time, to accelerate the vesting schedule of one or more Stock Options including, without limitation, on a Change of Control, and such acceleration will not be considered an amendment to the Stock Option in question requiring the consent of the Participant under Part 12 of the Plan. Notwithstanding the foregoing, if the Corporation is listed on the Exchange, no acceleration to the vesting schedule of one or more Stock Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the Exchange.

### **3.6 Other Restrictions**

Except as set forth in Section 3.10, no Stock Option may be exercised unless the Optionee is at the time of such exercise:

- (a) in the case of an Employee or Officer, engaged or in the employ (or retained as a Service Provider) of the Corporation or a Designated Affiliate and shall have been continuously so engaged, employed or retained since the grant of the Stock Option; or
- (b) in the case of a Director, a director of the Corporation or a Designated Affiliate and shall have been such a director continuously since the grant of the Stock Option.

The exercise of any Stock Option will be contingent upon the Optionee having entered into a Stock Option Agreement with the Corporation on such terms and conditions as have been approved by the Board and which incorporates by reference the terms of this Plan. The exercise of any Stock Option will, subject to Sections 3.10 and 3.11, also be contingent upon receipt by the Corporation of cash payment of the full purchase price of the Shares being purchased.

### **3.7 Exercise of Stock Options**

Subject to any limitations or conditions imposed upon an Optionee pursuant to the Stock Option Agreement or this Plan, an Optionee may exercise a Stock Option, prior to the expiry date thereof, by giving written notice thereof to the Corporation at its principal place of business or as otherwise indicated by the Corporation in writing. The notice shall be accompanied by full payment of the Option Price to the extent the Stock Option is so exercised, and full payment of any amounts the Corporation determines must be withheld for tax purposes from the Optionee pursuant to the Stock Option Agreement. Such payment shall be in lawful money in the currency as stated in the Stock Option Agreement, in cash, wire transfer or certified cheque. As soon as practicable after exercise of a Stock Option in accordance herewith, the Corporation shall issue a certificate or DRS statement evidencing the Shares with respect to which the Stock Option has been exercised. Upon due exercise of a Stock Option, the Optionee shall be entitled to all rights to vote or receive dividends or any other rights as a shareholder with respect to such Shares.

### **3.8 Cashless Exercise**

Subject to the approval of the Board or a Board committee designated by the Board, and further subject to the Shares being traded on the Exchange, consideration may be paid by a Participant as follows: (i) a brokerage firm loans money to the Participant in order for the Participant to exercise Stock Options to acquire the underlying Shares (the “**Loan**”); (ii) the brokerage firm then sells a sufficient number of Shares to cover the Option Price of the Stock Options that were exercised by the Participant in order to repay the Loan; and (iii) the brokerage firm receives an equivalent number of Shares from the exercise of the Stock Options and the Participant receives the balance of the Shares or the cash proceeds from the balance of such Shares.

### **3.9 Net Exercise**

Subject to the approval of the Board or a Board committee designated by the Board, and further subject to the Shares being traded on the Exchange, consideration may be paid by reducing the number of Shares otherwise issuable under the Stock Options such that, in lieu of a cash payment to the Corporation, a Participant, excluding Investor Relations Service Providers, only receives the number of Shares that is equal to the quotient obtained by dividing: (i) the product of the number of Stock Options being exercised multiplied by the difference between the VWAP of the underlying Shares and the Option Price of the subject Stock Options, by (ii) the VWAP of the underlying Shares. The number of Shares delivered to the Participant may be further reduced to satisfy applicable tax withholding obligations pursuant to Section 9.1. In the event of a net exercise, the number of Stock Options exercised, surrendered or converted, and not the number of Shares issued, must be included in calculating the limits set forth in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7.

### 3.10 Effect of Termination of Employment or Death

If an Optionee:

- (a) dies while employed or engaged by, or while a director of, the Corporation or a Designated Affiliate, any Stock Option held by him or her at the date of death, then eligible to be exercised, shall become exercisable in whole or in part, but only by the person or persons to whom the Optionee's rights under the Stock Option shall pass by the Optionee's will or applicable laws of descent and distribution. Unless otherwise determined by the Board but subject to Section 11.10, all such Stock Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Stock Option at the date of his or her death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner;
- (b) ceases to be employed or engaged by, or a director of, the Corporation or a Designated Affiliate, for cause, no Stock Option held by such Optionee will, unless otherwise determined by the Board but subject to Section 11.10, be exercisable following the date on which such Optionee ceases to be so engaged; or
- (c) ceases to be employed or engaged by, or a director of, the Corporation or a Designated Affiliate, for any reason other than cause then, unless otherwise determined by the Board but subject to Section 11.10, any Stock Option held by such Optionee which was then eligible to be exercised at the effective date thereof shall become exercisable for a period of up to 90 days thereafter or prior to the expiration of the Option Period in respect thereof, whichever is sooner.

### 3.11 Effect of Amalgamation or Merger

If the Corporation amalgamates or otherwise completes a plan of arrangement or merges with or into another corporation, any Shares receivable on the exercise of a Stock Option shall, subject to the prior acceptance of the Exchange, be adjusted to give the Participant the ability to acquire, upon exercise of the Stock Option, including payment, the securities, property or cash which the Participant would have received upon such amalgamation, arrangement or merger if the Participant had exercised his or her Stock Option immediately prior to the record date applicable to such amalgamation, arrangement or merger, and the option price shall, subject to the prior acceptance of the Exchange, be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of this Plan.

### 3.12 Amendments

Disinterested Shareholder approval must be obtained for any reduction in the exercise price of a Stock Option, or the extension of the term of a Stock Option, if the Participant is an Insider of the Corporation at the time of the proposed amendment.

## PART 4 RESTRICTED SHARE RIGHTS

### 4.1 Participants

Subject to Section 11.6, the Corporation has the right to grant, in its sole and absolute discretion, to any Participant, rights to receive any number of fully paid and non-assessable Shares ("**Restricted Share Units**") as a discretionary payment in consideration of past services to the Corporation or as an incentive for future services, subject to this Plan and with such additional provisions and restrictions as the Board may determine. For purposes of calculating the number of Restricted Share Units to be granted, the Corporation shall be obligated to value the Shares underlying such RSUs at not less than the Fair Market Value.

#### **4.2 RSU Agreement**

Each grant of a RSU under this Plan shall be evidenced by a RSU Agreement between the Participant and the Corporation. Such RSU Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a RSU Agreement. The provisions of the various RSU Agreements issued under this Plan need not be identical.

#### **4.3 Restricted Period**

Concurrent with the determination to grant RSUs to a Participant, the Board shall determine the Restricted Period applicable to such RSUs, which in any event will not be less than 12 months. In addition, at the sole discretion of the Board, at the time of grant, the RSUs may be subject to performance conditions to be achieved by the Corporation or a class of Participants or by a particular Participant on an individual basis, within a Restricted Period, for such RSUs to entitle the holder thereof to receive the underlying Shares or cash. Upon expiry of the applicable Restricted Period (or on the Deferred Payment Date, as applicable) and upon satisfaction of any performance criteria or other terms set out in the RSU Agreement, a RSU shall be automatically settled, and without the payment of additional consideration or any other further action on the part of the holder of the RSU, the underlying Shares shall be issued or cash paid to the holder of such RSUs, which RSUs shall then be cancelled. Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned RSUs in the form of cash or in Shares issued from treasury (or in a combination thereof) equal to the value of the RSUs at the end of the applicable Restricted Period (or on the Deferred Payment Date, as applicable) and upon satisfaction of any performance criteria or other terms set out in the RSU Agreement. The determination of the Board with respect to the form of payout of such RSUs shall be set out in the RSU Agreement for the grant of the RSU or reserved for later determination.

#### **4.4 Deferred Payment Date**

Participants who are residents of Canada for the purposes of the Tax Act (and for greater certainty, who are not U.S. Taxpayers), may elect to defer to receive all or any part of the Shares underlying Restricted Share Units until one or more Deferred Payment Dates. No other Participants may elect a Deferred Payment Date. Participants who elect to set a Deferred Payment Date must, in respect of each such Deferred Payment Date, give the Corporation written notice of the Deferred Payment Date(s) not later than thirty (30) days prior to the expiration of the applicable Restricted Period (or such lesser period of time as the Board may approve).

#### **4.5 Retirement or Termination during Restricted Period**

In the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of a Participant from all such roles with the Corporation during the Restricted Period, any Restricted Share Units held by the Participant shall immediately terminate and be of no further force or effect; provided, however, that the Board shall have the absolute discretion to modify the grant of the Restricted Share Units to provide that the Restricted Period shall terminate immediately prior to the date of such occurrence.

#### **4.6 Retirement or Termination after Restricted Period**

Subject to Section 11.10, in the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of the Participant from all such roles with the Corporation following the Restricted Period and prior to a Deferred Payment Date, the Participant shall be entitled to receive, and the Corporation shall issue forthwith, Shares or cash, as determined by the Board, in satisfaction of the Restricted Share Units then held by the Participant.

#### **4.7 Acceleration of Vesting**

Notwithstanding Sections 4.5 and 4.6 above, in the event of the death or total disability of a Participant, Shares represented by RSUs held by the Participant, calculated on a *pro-rata* basis as to the number of days passed under the vesting restrictions, shall then be immediately issued by the Corporation to the Participant or legal representative of the Participant.

#### **4.8 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on its Shares, a Participant may be credited with additional Restricted Share Units. The number of such additional RSUs, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the RSUs (including RSUs in which the Restricted Period has expired but the Shares have not been issued due to a Deferred Payment Date) in the Participant's account on the dividend record date had been outstanding Shares (and the Participant held no other Shares) by (b) the Fair Market Value of the Shares on the date on which such dividends were paid. Where the proposed issuance of Shares in settlement of such additional RSUs would result the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional RSUs should instead be settled in cash.

### **PART 5 DEFERRED SHARE UNITS**

#### **5.1 Deferred Share Unit Grants**

The Board may from time to time determine to grant Deferred Share Units to one or more Directors in a lump sum amount or on regular intervals, based on such formulas or criteria as the Board may from time to time determine. DSUs will be credited to the Director's account when designated by the Board. For purposes of calculating the number DSUs to be granted, the Corporation shall be obligated to value the Shares underlying such Deferred Share Units at not less than the Fair Market Value. In no event will a DSU vest or be redeemable or contemplate a Separation Date of less than 12 months from the date of grant.

#### **5.2 DSU Agreement**

Each grant of a DSU under this Plan shall be evidenced by an agreement between the Director and the Corporation (a "DSU Agreement"). Such DSU Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and the policies of the Exchange and which the Board deems appropriate for inclusion in a DSU Agreement. The provisions of each DSU Agreement issued under this Plan need not be identical.

#### **5.3 Redemption of Deferred Share Units and Issuance of Deferred Shares**

Except as provided below, the DSUs held by each Director shall be redeemed automatically and with no further action by the Director on the 20<sup>th</sup> business day following the Separation Date for that Director. For U.S. Taxpayers, (i) the Separation Date must constitute a "separation from service" within the meaning of Section 409A of the Internal Revenue Code, and (ii) DSUs held by a Director who is a Specified Employee will be automatically redeemed with no further action by the Director on the date that is six months following the Separation Date for the Director, or if earlier, upon such Director's death. Upon redemption, the former Director shall be entitled to receive and the Corporation shall issue, the number of Shares issued from treasury equal to the number of DSUs in the Director's account, subject to any applicable deductions and withholdings. In the event a Separation Date, including by death of the Director, occurs during a year and Deferred Share Units have been granted to such Director for that entire year, the Director will only be entitled to a pro-rated Deferred Share Unit Payment in respect of such Deferred Share Units based on the number of days that he or she was an Director in such year.

No amount will be paid to, or in respect of, a Director under this Plan or pursuant to any other arrangement, and no other additional DSUs will be granted to compensate for a downward fluctuation in the value of the Shares of the Corporation nor will any other benefit be conferred upon, or in respect of, a Director for such purpose.

#### **5.4 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on its Shares, a Director may be credited with additional Deferred Share Units. The number of such additional Deferred Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Director if the Deferred Share Units in the Director's account on the dividend record date had been outstanding Shares (and the Director held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid. Where the proposed issuance of Shares in settlement of such additional Deferred Share Units would result the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional Deferred Share Units should instead be settled in cash.

### **PART 6 PERFORMANCE SHARE UNITS**

#### **6.1 Performance Share Units**

Subject to Section 11.6, the Board may from time to time determine to grant Performance Share Units to one or more Participants with the specific terms and conditions thereof to be as provided in this Plan and in the PSU Agreement entered into in respect of such grant. The PSU Agreement in respect of the PSUs granted will set out, at a minimum, the number of PSUs granted, the Performance Period, the performance-based criteria and any Multiplier(s). Subject to the provisions of this Part 6, each PSU awarded to a Participant for services performed during the year in which the PSU is granted shall entitle the Participant to receive payment in an amount equal to the Fair Market Value on the day immediately prior to the last day of the applicable Performance Period multiplied by the applicable Multiplier(s), to be determined on the last day of the Performance Period. In no event will a PSU vest or be redeemable or contemplate a Separation Date of less than 12 months from the date of grant

#### **6.2 Distributions.**

The Board, in its sole discretion, may determine that if and when distributions are paid on any Shares, additional PSUs shall be credited to the Participant as of such distribution payment date. The number of additional PSUs (including fractional PSUs) to be credited to the Participant shall be determined by dividing the dollar amount of the distribution payable in respect of the Shares underlying the Performance Share Units by the Fair Market Value on the date the distribution is paid. Fractional PSUs to two decimal places shall be credited to the Participant. For greater certainty, the Performance Period and Multiplier(s), if any, shall be the same as the Performance Period and Multiplier(s), if any, for the Performance Share Units.

#### **6.3 Performance Period**

Subject to Sections 6.5 and 6.6, which could result in shortening any such period, the Performance Period in respect of a particular award shall be at least one year from the date of grant of the applicable Performance Share Unit, provided that the Board may, in its sole discretion, determine the Performance Period to be greater than one year, to a maximum of three years from the date of grant of the applicable Performance Share Unit.

#### **6.4 Performance-Based Criteria and Multipliers**

The Board may establish performance-based criteria which, if met by the Corporation, will entitle the Participant to be paid an amount in excess of or less than the Fair Market Value of one Share for each PSU at the end of the applicable Performance Period. The Board, in its sole discretion, may waive the performance-based criteria if the Board determines there were material unusual circumstances that occurred during the Performance Period (as an example only, if take-over speculation significantly affects the Fair Market Value at the end of the Performance Period).

#### **6.5 Retirement or Termination During Performance Period**

If a Participant ceases to be an Employee or Director, as applicable, during the Performance Period because of retirement or Termination of the Participant, all PSUs previously awarded to the Participant shall be forfeited and cease to be credited to the Participant on the date of the Retirement or Termination, as the case may be; however, the Board shall have the absolute discretion to modify the grant of the PSUs to provide that the Performance Period would end at the end of the calendar quarter immediately before the date of the Retirement or Termination, as the case may be, and the amount payable to the Participant shall be calculated as of such date.

### **6.6 Death or Disability**

In the event of the death or total disability of a Participant during the Performance Period, the Performance Period shall be deemed to end at the end of the calendar quarter immediately before the date of death or total disability of the Participant and the amount payable to the Participant or its executors, as the case may be, shall be calculated as of such date.

### **6.7 Payment to Participants**

Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned PSUs in the form of cash or in Shares issued from treasury (or in a combination thereof) equal to the value of the PSUs at the end of the applicable Performance Period. The determination of the Board with respect to the form of payout of such PSUs shall be set out in the Performance Share Unit Agreement for the grant of the PSU or reserved for later determination. In no event will delivery of such Shares or payment of any cash amounts be made later than two and a half months after the end of the year in which such conditions or restrictions were satisfied or lapsed.

### **6.8 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on the Shares, a Participant may be credited with additional PSUs. The number of such additional PSUs, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the PSUs in his or her account on the dividend record date had been outstanding Shares (and the Participant held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid. Where the proposed issuance of Shares in settlement of such additional PSUs would result in the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional PSUs should instead be settled in cash.

## **PART 7 STOCK APPRECIATION RIGHTS**

### **7.1 Grant of SARs**

Subject to Section 11.6, the Corporation may from time to time grant Stock Appreciation Rights to Participants pursuant to this Plan whereby Participants will have the right to receive Shares, a cash payment, or any combination thereof, as determined by the Board, from the Corporation in an amount equal to the number of SARs granted multiplied by the difference between the Fair Market Value of a Share at the Exercise Date (as defined below) over the Base Price fixed by the Board (the “**Exercise Value**”).

### **7.2 Base Price**

The Base Price per Share of any SAR shall be not less than the Fair Market Value at the time of grant.

### **7.3 Grant of SARs**

Subject to Section 11.6, the Board may at any time authorize the granting of SARs to such Participants as it may select for the number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of a SAR shall be the date such grant was approved by the Board.

Each SAR granted to a Participant shall be evidenced by a Stock Appreciation Right Agreement with terms and conditions consistent with this Plan and as approved by the Board and which incorporates by reference the terms of this Plan (and in all cases which terms and conditions need not be the same in each case, and may be changed from time to time subject to any required approval of Disinterested Shareholders and the Exchange).

### **7.4 Terms of SARs**

The term of each SAR shall be for such term as the Board may determine at the date of grant, provided that:

- (a) SARs can be exercisable for a maximum of 10 years from the date of grant; and
- (b) the term may thereafter be reduced with respect to any such SAR as provided for herein regarding termination of employment / engagement or death of the Participant.

### **7.5 Vesting**

SARs shall vest and may be exercised (in each case to the nearest full Share) during the term in the manner determined by the Board at the time of grant, provided that the minimum vesting period shall be 12 months.

### **7.6 Other Restrictions**

Except as set forth in Section 7.9, no SAR may be exercised unless the Participant is at the time of such exercise:

- (a) in the case of an Employee or Officer, engaged or in the employ (or retained as a Service Provider) of the Corporation or a Designated Affiliate and shall have been continuously so engaged, employed or retained since the grant of the SAR; or
- (b) in the case of a Director, a director of the Corporation or a Designated Affiliate and shall have been such a Director, Officer, Employee or Consultant continuously since the grant of the SAR.

### **7.7 Exercise of SARs**

Subject to any limitations or conditions imposed upon a Participant pursuant to a Stock Appreciation Rights Agreement or this Plan, a Participant may exercise an SAR, prior to the expiry date thereof, by giving written notice thereof to the Corporation at its principal place of business specifying the number of vested SARs being exercised and the date on which such exercise is to be effective (the “**Exercise Date**”). As soon as practicable after exercise of a SAR in accordance herewith, the Corporation shall pay the Participant an amount equal to the product of (i) the number of vested SARs exercised, multiplied by (ii) the Exercise Value. Such payment will be made, in the Board’s discretion, in (a) cash, (b) Shares with a Fair Market Value equal to the amount of the payment, or (c) a combination of cash and Shares.

### **7.8 Transferability of SARs**

SARs granted hereby shall not be transferable other than upon the death or disablement of the Participant as follows:

- (a) During the Participant’s lifetime, all SARs shall be exercisable only by the Participant or by the legal guardian of a disabled Participant.
- (b) A Participant shall have the right, by notice to the Corporation, to designate a beneficiary who shall be entitled to exercise the Participant’s SARs (subject to their terms and conditions) following the Participant’s death, and to whom any amounts payable following the Participant’s death shall be paid.

### **7.9 Effect of Termination of Employment or Death**

If the holder of a SAR:

- (a) dies while employed or engaged by, or while a Director of, the Corporation or a Designated Affiliate, any SAR held by him or her at the date of death, then eligible to be exercised, shall become exercisable in whole or in part, but only by the person or persons designated under section 7.8(b) above, or to whom the Participant’s rights under the SAR shall pass by the Participant’s will or applicable laws of descent and distribution. Unless otherwise determined by the Board, all such SARs shall be exercisable only to the extent that the Participant was entitled to exercise the SARs at the date of his or her death and only for 12 months after the date of death or prior to the expiration of the term in respect thereof, whichever is sooner;
- (b) ceases to be employed or engaged by, or a Director of, the Corporation or a Designated Affiliate, for cause, no SAR held by such Participant will, unless otherwise determined by the Board, be exercisable following the date on which such Participant ceases to be so engaged; or
- (c) ceases to be employed or engaged by, or a Director of, the Corporation or a Designated Affiliate, for any reason other than cause then, unless otherwise determined by the Board, any SAR held by such Participant which was then eligible to be exercised at the effective date thereof shall become exercisable for a period of up to 90 days thereafter or prior to the expiration of the term in respect thereof, whichever is sooner.

### **7.10 Effect of Amalgamation or Merger**

If the Corporation amalgamates or otherwise completes a plan of arrangement or merges with or into another corporation, any payment receivable on the exercise of a SAR shall, subject to the prior acceptance of the Exchange, be

adjusted to give the Participant the ability to receive the same which the Participant would have received upon completion of such amalgamation, arrangement or merger using as the Fair Market Value of a Share the amount equal to the deemed price under such amalgamation, arrangement or merger.

### **7.11 Amendments**

Disinterested Shareholder approval must be obtained for any reduction in the Base Price of a SAR, or the extension of the term of a SAR, if the Participant is an Insider of the Corporation at the time of the proposed amendment.

## **PART 8 STOCK PURCHASE RIGHTS**

### **8.1 Types of SP Rights**

The Corporation may provide financial assistance (which cannot involve lending funds to a Participant for the purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or a Participant may be allowed to purchase securities of the Corporation (which may be at a discount to Fair Market Value), or a Participant may be entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market. For U.S. Taxpayers, any stock purchase right or option-like right shall contain such terms and limitations as are necessary to avoid application of penalty taxes under Section 409A of the Internal Revenue Code.

### **8.2 Limitations**

The Corporation shall not provide SP Rights that could materially prejudice the interests of the Corporation or its shareholders, or if the assistance would affect the Corporation's ability to pay its creditors.

### **8.3 Grant of Rights**

Subject to Section 11.6, the Board may at any time authorize the granting of Stock Purchase Rights to such Participants as it may select for the dollar amount or number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of an SP Right shall be the date such grant was approved by the Board.

Each SP Right granted to a Participant shall be evidenced by an agreement of applicable nature with terms and conditions consistent with this Plan and as approved by the Board and which incorporates by reference the terms of this Plan (and in all cases which terms and conditions need not be the same in each case, and may be changed from time to time subject to any required approval of Disinterested Shareholders and the Exchange).

### **8.4 Vesting Requirements of SP Rights**

No SP Right may vest before the date that is one year following the date that it is granted or issued. Notwithstanding the foregoing, the Board shall have the discretion to accelerate the vesting of a SP Right for a Participant who dies or ceases to be an eligible Participant under this Plan in connection with a Change of Control or similar transaction.

## **PART 9 WITHHOLDING TAXES**

### **9.1 Withholding Taxes**

The Corporation or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Corporation or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Award including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of any Shares to be issued under this Plan, until such time as the Participant has paid the Corporation or any Designated Affiliate for any amount which the Corporation or Designated Affiliate is required to withhold by law with respect to such taxes or other amounts. Without limitation to the foregoing, the Board may adopt administrative rules under this Plan, which provide for the automatic sale of Shares (or a portion thereof) in the market upon the issuance of such Shares under this Plan on behalf of the Participant to satisfy withholding obligations under an Award.

**PART 10**  
**CHANGE OF CONTROL**

**10.1 Change of Control.**

- (a) If a Change of Control shall conclusively be deemed to be imminent, or to have occurred, there shall be immediate full vesting of each outstanding Stock Option granted, which may be exercised and settled, in whole or in part, even if such Stock Option is not otherwise exercisable or vested by its terms but subject to any required approval of the Exchange. Notwithstanding the foregoing, if the Corporation is listed on the Exchange, no acceleration to the vesting schedule of one or more Stock Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the Exchange.
- (b) Unless otherwise determined by the Board, or unless otherwise provided in a Participant's Service Agreement or Award Agreement, if a Change of Control shall conclusively be deemed to be imminent, or to have occurred, then the Board shall have the discretion, without the prior approval of the Participants but subject to any required approval of the Exchange, to any one or more of the following:
- (i) determine that there shall be immediate full vesting of each outstanding Award (other than Stock Options) granted, which may be exercised and settled, in whole or in part, even if such Award is not otherwise exercisable or vested by its terms;
  - (ii) subject to the prior acceptance of the Exchange, the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Board determines in good faith that no amount would have been attained upon the settlement of such Award or realization of the Participant's rights, then such Award may be terminated by the Corporation without payment);
  - (iii) subject to the prior acceptance of the Exchange, cause the Corporation to offer to acquire from each Award holder his or her Awards for a cash payment, and any Awards not so acquired, surrendered or exercised by the effective time of the Change of Control will be deemed to have expired;
  - (iv) subject to the prior acceptance of the Exchange, cause a Stock Option granted under this Plan to be exchanged for an option to acquire for the same exercise price, the number and type of securities as would be distributed to the Stock Option holder in respect of the Shares to be issued to the Stock Option holder had he or she exercised the Stock Option prior to the effective time of the Change of Control, provided that any such replacement option must provide that it survives for a period of not less than one year from the effective time of the Change of Control regardless of the continuing directorship, officership or employment of the holder;
  - (v) permit each Participant, within a specified period of time prior to the completion of the Change in Control as determined by the Board, to exercise all of the Participant's outstanding Stock Options and to settle all of the Participant's outstanding PSUs, RSUs and DSUs (to the extent then vested and exercisable, including by reason of acceleration by the Board pursuant to Section 10.1 or in accordance with the Award Agreement) but subject to and conditional upon the completion of the Change in Control;
  - (vi) accelerate the dates upon which any or all outstanding Awards shall vest and be exercisable or settled, without regard to whether such Awards have otherwise vested in accordance with their terms; or
  - (vii) make no change to any of the terms or provisions of any Award.

**10.2 Awards Need Not be Treated Identically.**

In taking any of the actions contemplated by this Part 10, the Board shall not be obligated to treat all Awards held by any Participant, or all Awards in general, identically.

**PART 11**  
**GENERAL TERMS**

**11.1 Number of Shares**

The aggregate number of Shares that may be issued under this Plan shall not exceed 10% of the number of Issued Shares outstanding in the capital of the Corporation from time to time as of the date of each grant (inclusive of the Shares reserved for issuance pursuant to stock options granted under the Prior Plan), such Shares to be allocated among Awards and Participants in amounts and at such times as may be determined by the Board from time to time.

**11.2 NEX Corporation**

In the event the Corporation is listed on or is on notice to have its listing transferred to the NEX branch of the Exchange, then it will be precluded from granting any Awards under this Plan other than Stock Options (and may only grant Stock Options once it has publicly disclosed that it is on notice to have its listing transferred to the NEX).

**11.3 Limits for Individuals**

Unless Disinterested Shareholder Approval is obtained in accordance with the policies of the Exchange (or unless permitted otherwise by the policies of the Exchange), the maximum number of Shares that may be issued to any one Participant (and where permitted pursuant to the policies of the Exchange, any company that is wholly-owned by the Participant) under this Plan, together with all of the Corporation's other Security Based Compensation plans, within a 12-month period, may not exceed 5% of the Issued Shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Person.

**11.4 Limits for Insiders**

Unless Disinterested Shareholder Approval is obtained in accordance with the policies of the Exchange (or unless permitted otherwise by the policies of the Exchange), the maximum number of Shares that are issuable pursuant to all the Corporation's Security Based Compensation plans granted or issued in any 12-month period to Insiders (as a group) must not exceed 10% of the Issued Shares, calculated as at the date any Security Based Compensation of the Corporation is granted or issued to any Insider.

Unless Disinterested Shareholder Approval is obtained in accordance with the policies of the Exchange (or unless permitted otherwise by the policies of the Exchange), the maximum number of Shares that are issuable pursuant to all of the Corporation's Security Based Compensation plans granted or issued to Insiders (as a group) must not exceed 10% of the issued Shares at any point in time.

**11.5 Limits for Consultants**

The maximum number of Shares that may be issued to any one Consultant under this Plan, together with all of the Corporation's other Security Based Compensation plans, within a 12-month period, may not exceed 2% of the Issued Shares calculated on the date such Security Based Compensation is granted or issued to the Consultant.

**11.6 Limits for Investor Relations Service Providers**

Notwithstanding any other provision of this Plan, Investor Relations Service Providers may only be granted Stock Options (and no other forms of Security Based Compensation) under this Plan.

The maximum aggregate number of Shares that are issuable pursuant to all Stock Options granted in any 12 month period to all Investor Relations Service Providers in aggregate must not exceed 2% of the Issued Shares, calculated as at the date any Stock Option is granted to any such Investor Relations Service Provider.

Stock Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months, such that not more than 25% vest any sooner than three months after the date of grant, and not more than 25% vest any sooner than every three months thereafter.

The Board (or any committee thereof) must, through the establishment of appropriate procedures, monitor the trading in the securities of the Corporation by all Investor Relations Service Providers. These procedures may include the establishment of a designated brokerage account through which the Participant conducts all trades in the securities of the Corporation or a requirement for such Participants to file reports of their trades with the Board on a timely basis.

### **11.7 Limits for Charitable Organizations**

The only Security Based Compensation that may be granted or issued to a Charitable Organization is Charitable Stock Options. The maximum aggregate number of Shares that are issuable pursuant to all outstanding Charitable Stock Options must not exceed 1% of the Issued Shares, calculated as at the date each Charitable Stock Option is granted to a Charitable Organization. A Charitable Stock Option must expire on or before the earlier of: (i) the date that is 10 years from the date of grant of the Charitable Stock Option; and (ii) the 90<sup>th</sup> day following the date that the holder of the Charitable Stock Option ceases to be a Charitable Organization. Any Charitable Stock Option granted to a Charitable Organization under this Plan will not be included within the limits prescribed by Section 11.1 of the Plan.

### **11.8 Limitation on Rights as a Shareholder**

No Security Based Compensation entitles the holder thereof to any Shareholder rights (including without limitation voting rights, dividend entitlement or rights on liquidation) until such time as underlying Shares are issued to such Participant; provided, however, that the accrual of dividend entitlements on a DSU, PSU, RSU or SAR where such dividend entitlements vest and are redeemed, as applicable, along with the underlying award. Where the proposed issuance of Shares in settlement of such additional DSUs, PSUs, RSUs or SARs would result in the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional DSUs, PSUs, RSUs or SARs should instead be settled in cash.

### **11.9 Lapsed Awards or Awards Settled in Cash**

If Awards are settled in cash, cancelled, surrendered, terminated or forfeited or expire without being exercised in whole or in part and pursuant to which no securities have been issued, new Awards may be granted covering the Shares not issued under such lapsed Awards, subject to any restrictions that may be imposed by the Exchange.

### **11.10 Expiration of Security Based Compensation**

Notwithstanding any other provision of this Plan, any Security Based Compensation granted or issued to any Participant who is a Director, Officer, Employee, Consultant or Management Company Employee must expire within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under this Plan.

### **11.11 Payment in Cash**

The Corporation may settle any Award by making payment in cash if it does not have a sufficient number of Shares available under this Plan to satisfy its obligations under a Multiplier or any other provision.

### **11.12 Adjustment in Shares Subject to this Plan**

If there is any change in the Shares through (i) the declaration of stock dividends of Shares, (ii) any consolidations, subdivisions or reclassification or recapitalization of Shares, or (iii) adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, the number of Shares available under this Plan, then the Shares subject to any Award, and the exercise price of any Stock Option shall be adjusted as determined to be appropriate by the Board, and such adjustment shall be effective and binding for all purposes of this Plan, provided any such change (other than in connection with a share consolidation or a security split) is subject to the prior acceptance of the Exchange.

### **11.13 Transferability**

Any Awards accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable. During the lifetime of a Participant all Awards may only be exercised by the Participant. Awards are non-transferable except by will or by the laws of descent and distribution.

### **11.14 Employment**

Nothing contained in this Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Participant's employment at any time. Participation in this Plan by a Participant is voluntary.

### 11.15 Record Keeping

The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the number of Awards granted to each Participant and relevant details regarding such Awards; and
- (c) such other information as the Board may determine.

### 11.16 Resale Restrictions

If required by Applicable Laws, any Award will be subject to a hold period expiring on the date that is four months and a day after the Date of Grant, and the confirmations, agreements or certificates representing such Awards and any Shares issued prior to the expiry of such hold period will bear the following legends in substantially the following forms:

“Unless permitted under securities legislation, the holder of this security must not trade the security before *[insert the date that is four months and one day after the date of grant]*.”

“Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until *[insert the date that is four months and one day after the date of grant]*.”

### 11.17 No Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of this Plan.

### 11.18 Section 409A

It is intended that any payments under this Plan to U.S. Taxpayers shall be exempt from or comply with Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Section 409A of the Code.

### 11.19 Awards Granted to U.S. Residents

The Awards and the Shares issuable upon exercise, vesting or settlement of the Awards have not been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any applicable securities law of any state of the United States and may not be granted to, or exercised by or on behalf of, any person in the United States, any U.S. person or any person acting for the account or benefit of a U.S. person or person in the United States unless exempt from the registration requirements of the U.S. Securities Act and any applicable securities law of any state of the United States.

- (a) No Stock Options shall be granted to any Participant in the United States unless the Plan Administrator has determined that such grant and the future exercise, vesting or settlement of the Award by the Participant is exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 701 of the U.S. Securities Act or another available exemption from such registration requirements and is being made in compliance with all applicable securities laws of any state of the United States.
- (b) All Participants in the United States will be notified that (i) the Awards and the Shares issuable upon exercise, vesting or settlement of the Awards have not been and will not be registered under the U.S. Securities Act and may be offered and sold only pursuant to an exemption from such registration requirements and in accordance with all applicable securities laws of each state of the United States, (ii) the Corporation may require additional certifications from the Participant resident in the United States in relation to the grant of the Awards and the issuance of Shares to the Participant in the United States upon exercise, vesting or settlement of the Awards, and (iii) the Awards and the Shares issuable upon exercise, vesting or settlement of the Awards are “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act and may not be offered or sold absent an exemption from the registration requirements of the U.S. Securities Act and the Corporation may require additional certifications from the Participant in the United States in connection with any proposed offer or sale of the Shares.

- (c) In addition to any legends required by Canadian securities laws, the agreement representing the Awards granted to Participants in the United States, and all certificates issued in exchange for or in substitution of such certificates, shall bear the following legend upon the original issuance of any such Awards and until the legend is no longer required under applicable requirements of the U.S. Securities Act:

THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. [FOR STOCK OPTIONS: THIS SECURITY MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON OR A PERSON IN THE UNITED STATES AND] THE SHARES ISSUABLE UPON EXERCISE, VESTING OR SETTLEMENT HEREOF MAY NOT BE DELIVERED TO AN ADDRESS IN THE UNITED STATES UNLESS THE COMMON SHARES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT.

- (d) In addition to any legends required by Canadian securities laws, the certificates representing the Shares issuable upon exercise, vesting or settlement of the Awards granted to Participants in the United States, and all certificates issued in exchange for or in substitution of such certificates, shall bear the following legend upon the original issuance of any such Shares and until the legend is no longer required under applicable requirements of the U.S. Securities Act:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF RANCHERO GOLD CORP. (THE "CORPORATION") THAT THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER, IF AVAILABLE OR (II) RULE 144A, IF AVAILABLE AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF CLAUSES (C)(I) OR (D) ABOVE, OR IF OTHERWISE REASONABLY REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT.

- (e) Beginning on the date that the Corporation is required to deliver information to Participants in the United States pursuant to Rule 701 under the U.S. Securities Act, and until such time as the Corporation becomes subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, or is no longer required to deliver information to Participants in the United States pursuant to Rule 701 under the U.S. Securities Act, the Corporation shall provide to each Participant in the United States the information described in paragraphs (e)(3), (4), and (5) of Rule 701 under the U.S. Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the Participants in the United States or by written notice to the Participants in the United States of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information. The Corporation may request that Participants in the United States agree to keep the information to be provided pursuant to this section confidential. If a Participant in the United States does not agree to keep the information to be provided

pursuant to this section confidential, then the Corporation will not be required to provide the information unless otherwise required pursuant to Rule 701 of the U.S. Securities Act.

- (f) If the aggregate number of Participants in the United States resident in California granted Awards under this Plan and/or issued securities under all purchase and bonus plans and agreements of the Corporation exceeds 35, this Plan must be approved by a majority of the outstanding securities entitled to vote by the later of (1) within 12 months before or after the date this Plan is adopted or (2) prior to or within 12 months of the granting of any Award under this Plan in California. Any Award granted to any person in California that is exercised before security holder approval is obtained must be rescinded if security holder approval is not obtained in the manner described in the preceding sentence.

#### **11.20 Compliance with Applicable Law, etc.**

If any provision of this Plan or any agreement entered into pursuant to this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or this Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

#### **11.21 Term of the Plan**

This Plan shall remain in effect until it is terminated by the Board.

#### **11.22 Effective Date and Replacement**

This Plan shall become effective upon the receipt of all required shareholder and regulatory approvals, being the Effective Date, and will replace the Corporation's prior 10% rolling stock option plan (the "**Prior Plan**"). All stock options granted under the Prior Plan and which remain outstanding at the Effective Date will remain in full force and effect in accordance with their terms; however, following the Effective Date, no additional grants shall be made under the Prior Plan, and the Prior Plan will terminate on the date upon which no further stock options remain outstanding.

#### **11.23 Eligibility for Employees, Consultants and Management Company Employees**

In order to be eligible to receive Awards, in the case of Employees, Consultants and Management Company Employees, the Award agreement to which they are a party must contain a representation of the Corporation and of such Employee, Consultant or Management Company Employee, as the case may be, that such Participant is a bona fide Employee, Consultant or Management Company Employee of the Corporation or a subsidiary of the Corporation, as applicable; or the Corporation and the Participant must otherwise confirm in writing that the Participant is a bona fide Employee, Consultant or Management Company Employee of the Corporation or a subsidiary of the Corporation, as applicable.

### **PART 12 ADMINISTRATION AND AMENDMENT OF THIS PLAN**

#### **12.1 Administration by the Board**

- (a) Unless otherwise determined by the Board, this Plan shall be administered by the Board or a Board committee designated by the Board.
- (b) Subject to Section 12.6 and the approval of the Exchange, as required, the Board (or committee, as applicable) shall have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan, to:
- (i) adopt and amend rules and regulations relating to the administration of this Plan and make all other determinations necessary or desirable for the administration of this Plan. The interpretation and construction of the provisions of this Plan and related agreements by the Board (or committee, as applicable) shall be final and conclusive. The Board (or committee, as applicable) may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry this Plan into effect and it shall be the sole and final judge of such expediency;

- (ii) determine and designate from time to time the individuals to whom Awards shall be made, the amounts of the Awards and the other terms and conditions of the Awards;
- (iii) correct any defect, supply any information, or reconcile any inconsistency in this Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of this Plan;
- (iv) delegate any of its responsibilities or powers under this Plan to a Board committee; and
- (v) otherwise exercise the powers under this Plan as set forth herein.

## **12.2 Regulatory and Shareholder Approvals**

In administering this Plan, the Administrator will obtain any regulatory approvals which may be required pursuant to Exchange Policies; and this Plan is subject to such approvals.

## **12.3 Use of Administrative Agent**

The Board (or committee, as applicable) may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer Awards granted under the Plan and to act as trustee to hold and administer the Plan and the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board (or committee, as applicable) in its sole discretion.

## **12.4 Limitation of Liability and Indemnification.**

No member of the Board or a committee of the Board will be liable for any action or determination taken or made in good faith with respect to the Plan or any Awards granted thereunder and each such member shall be entitled to indemnification by the Corporation with respect to any such action or determination in the manner provided for by the Board or a committee of the Board.

## **12.5 Amendments to Plan**

Subject to sections 12.2 and 12.6, the Board shall have the power, at any time and from time to time, either prospectively or retrospectively, to amend, suspend or terminate this Plan or any Award granted under this Plan without shareholder approval, regarding (i) amendments to fix typographical errors; and (ii) amendments to clarify existing provisions of this Plan that do not have the effect of altering the scope, nature and intent of such provisions; provided however that:

- (a) any amendment, suspension or termination is in accordance with applicable laws and Exchange Policies; and
- (b) no amendment to this Plan or to an Award granted hereunder will have the effect of impairing, derogating from or otherwise adversely affecting the terms of an Award which is outstanding at the time of such amendment without the written consent of the holder of such Award.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of this Plan, the Board shall remain able to make such amendments to this Plan or the Award as they would have been entitled to make if this Plan were still in effect.

## **12.6 Shareholder Approval**

Any amendment to this Plan is subject to Shareholder approval as a condition to Exchange acceptance of the amendment. For clarity, certain amendments to the provisions of this Plan may be subject only to approval by a majority of Shareholders instead of Disinterested Shareholder approval, pursuant to Exchange Policies and, if applicable, subject to Exchange approval.

**SCHEDULE "B" EQUITY INCENTIVE  
PLAN RESOLUTION**

**BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. subject to the acceptance of the TSX Venture Exchange (the "**Exchange**"), the equity incentive plan (the "**Equity Incentive Plan**") of Ranchero Gold Corp. (the "**Corporation**"), substantially in the form attached as Schedule "**A**" to the management information circular of the Corporation dated May 1, 2023, is hereby approved;
2. the board of directors of the Corporation (the "**Board**") or any committee of the Board is hereby authorized to grant awards of stock options, deferred share units, restricted share units, performance share units, stock appreciation rights and stock purchase rights pursuant to the Equity Incentive Plan to those eligible to receive such awards thereunder;
3. the Board, or any committee created pursuant to the Equity Incentive Plan is authorized to make such amendments to the Equity Incentive Plan from time to time as are requested by the Exchange or as the Board may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, in accordance with the terms of the Equity Incentive Plan, the shareholders;
4. any one director or officer of the Corporation is hereby authorized to execute and deliver on behalf of the Corporation all such documents and instruments and to do all such other acts and things as in such director's opinion may be necessary to give effect to the matters contemplated by these resolutions; and
5. notwithstanding that this resolution be passed by the shareholders of the Corporation, the Board is hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable to the Board."

The form of the resolutions set forth above is subject to such amendments as management may propose prior to the Meeting, but which do not materially affect the substance of such resolutions. The Board reserves the right to amend any terms of the Equity Incentive Plan or not to proceed with the Equity Incentive Plan at any time prior to the Meeting if the Board determines that it would be in the best interests of the Corporation and the shareholders and to do so in light of any subsequent event or development.

## SCHEDULE "C" CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, NI 58-101 prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure, as it applies to the Corporation, is presented below.

### 1. Board of Directors

The Board is presently comprised of two directors: Martyn Buttenshaw and Gustavo Mazón, which are also the directors proposed to be elected at the Meeting. The Board has been actively seeking an additional independent director to join the Board for the Board to provide appropriate independent representation for the public shareholders of the Corporation. The Board has also nominated Jesus Noriega to be elected as a director at the Meeting.

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. The Board facilitates its independent supervision over management by having regular Board meetings and by establishing and implementing prudent corporate governance policies and procedures.

The independent member of the Board at present is Gustavo Mazón.

The non-independent member of the Board at present is Martyn Buttenshaw. Mr. Buttenshaw has been an executive officer of the Corporation within the last three years.

Mr. Noriega is currently interim CEO of the Corporation and so is non-independent.

In order to facilitate the exercise of independent judgment in carrying out the Board's responsibilities, the Board has established a mandate that sets forth in detail the responsibilities and obligations of the members of the Board, including the obligation to identify and declare conflicts of interest. Further, the responsibilities of the Board and management to act with due care in the best interests of the Corporation are well defined by law and both management and the Board recognize their respective duties and obligations. The independent directors meet in the absence of members of management as deemed appropriate and, at each Board meeting to which management is invited, the independent directors' policy is to hold an *in camera* session.

Corporate objectives are reviewed by the Board from time to time throughout the year. The Board has the responsibility to set the strategic direction of the Corporation and to oversee its implementation by management of the Corporation. To assist it in fulfilling this responsibility, the Board has specifically recognized its responsibility for several areas, including:

- (a) reviewing and approving the Corporation's strategic and operating plans;
- (b) reviewing and approving material proposed expenditures;
- (c) reviewing and approving significant operational and financial matters; and
- (d) providing direction to management on these matters.

Decisions regarding the ongoing day-to-day management are made by management of the Corporation. The Board meets regularly to discuss the Corporation's business and operations and to review financial

statements of the Corporation. The Board also discharges, in part, its responsibility through the Audit Committee and the Nomination and Compensation Committee. The frequency of the meetings of the Board, as well as the nature of agenda items, changes depending upon the state of the Corporation's affairs and in light of opportunities which arise or risks which the Corporation faces.

The Board participates fully in assessing and approving strategic plans and prospective decisions proposed by management. In order to ensure that the principal business risks borne by the Corporation are appropriate, the directors receive and comment on periodic reports from management as to the Corporation's assessment and management of such risks. The Board regularly monitors the financial performance of the Corporation, including receiving and reviewing periodic management reports. The Board, directly and through its Audit Committee, assesses the integrity of the Corporation's internal control and management information systems.

## 2. Directorships

The following existing and proposed directors of the Corporation are also directors of other reporting issuers, or reporting issuer equivalents, as set out below:

Name of Director	Name of Reporting Issuer
Martyn Buttenshaw	Atacama Copper Corp.

## 3. Orientation and Continuing Education

The Corporation has not established a formal orientation and education program for Board members; however, the Corporation is committed to providing sufficient information so as to ensure that new directors are familiar with the Corporation's business and the procedures of the Board. Information may include the Corporation's corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures. The Board will ensure that every director possesses the capabilities, expertise, availability and knowledge required to fill his or her position adequately.

The Board ensures that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors). All new directors are expected to understand the nature and operations of the business.

The Board provides continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, and to ensure their knowledge and understanding of the Corporation's business remains current.

## 4. Ethical Business Conduct

The Corporation is committed to conducting its affairs with integrity, honesty, fairness and professionalism. The Board has approved a Code of Ethics (the "Code") intended to encourage and promote a culture of ethical business conduct. The Code is available on SEDAR at [www.sedar.com](http://www.sedar.com) or upon request to the Corporation at [info@rancherogold.com](mailto:info@rancherogold.com).

The Code applies at all levels of the organization, from major decisions to day-to-day transactions. The Code delineates the standards governing the relations between the Corporation and shareholders,

customers, suppliers and competitors, respectively. Within this framework, employees and directors are expected to exercise good judgment and to be accountable for their actions. All employees and directors are required to review and attest to compliance with the Code on an annual basis and the Board receives a report on compliance with the Code. Transactions and agreements in respect of which a director or executive officer has a material interest must be reviewed and approved by the Board in accordance with the Code.

In addition to the Code, the Board has also adopted a Corporate Governance Policy, an Insider Trading Policy and a Foreign Corrupt Practices Policy, each of which are available on SEDAR at [www.sedar.com](http://www.sedar.com) or upon request to the Corporation at [info@rancherogold.com](mailto:info@rancherogold.com).

## **5. Nomination of Directors**

The Board has the ultimate responsibility for the appointment, nomination and assessment of directors and believes that this is a practical approach at this stage of the Corporation's development. While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with a wealth of business knowledge and particular knowledge of the Corporation's industry or other industries which provide relevant experience or which would assist in guiding the officers of the Corporation. As such, and in order to encourage an objective nomination process, nominations tend to be the result of recruitment efforts by management of the Corporation and members of the Board, but are subject to informal discussions among the directors prior to the consideration by the Board as a whole of the nominated director.

The Nomination and Compensation Committee is a committee of the Board, presently comprised of Martyn Buttenshaw and Gustavo Mazón, which assists the Board by providing it with recommendations relating to corporate governance in general including, without limitation: (a) all matters relating to the stewardship role of the Board in respect of the management of the Corporation, (b) Board size and composition, including the candidate selection process and the orientation of new members, (c) Board compensation, and (d) such procedures as may be necessary to allow the Board to function independently of management. The Nomination and Compensation Committee also oversees compliance with policies associated with an efficient system of corporate governance.

At the annual and special shareholders' meeting held on December 2, 2015, it was resolved by special resolution that the Corporation should adopt the advance notice provision as it facilitates orderly and efficient annual general or, where the need arises, special, meetings; ensures that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and allows shareholders to register an informed vote. Accordingly, the advance notice provision contained within the Articles of the Corporation is the framework by which the Corporation seeks to fix a deadline by which shareholders of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include.

## **6. Compensation**

The Board and/or the Nomination and Compensation Committee of the Corporation reviews and approves salary and benefits for executives of the Corporation and compensation for the directors of the Corporation. The Corporation has developed policies for the compensation of its executives and directors. For specific disclosure regarding the compensation of executive officers including the CEO and the CFO, please see the section of the Circular entitled "*Statement of Executive Compensation – Oversight and Description of Director and Named Executive Officer Compensation*".

The Charter of the Nomination and Compensation Committee establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees) and the manner of reporting to the Board. In addition, the Nomination and Compensation Committee has the authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

The Nomination and Compensation Committee is responsible, among other things, for:

- (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the CEO's compensation level based on this evaluation;
- (b) making recommendations to the Board with respect to officer and director compensation, incentive compensation plans and equity-based plans; and
- (c) reviewing executive compensation disclosure before the Corporation publicly discloses this information.

The members of the Nomination and Compensation Committee have the skills and experience necessary to enable the Nomination and Compensation Committee as a whole to make decisions on the suitability of the Corporation's compensation policies and practices. See the section of the Circular entitled "*Election of Directors – Biographies of Proposed Directors*".

#### **7. Other Board Committees**

The Corporation has no standing committees other than the Audit Committee and the Nomination and Compensation Committee.

#### **8. Assessments**

The Board monitors the effectiveness of the relationship between management of the Corporation and the Board, the effectiveness of Board operations, the operations of the committees of the Board and of individual directors, and recommends improvements as necessary. This is accomplished through an informal process in discussions between the directors at Board meetings and between the independent directors at in camera sessions. Individual directors are encouraged to raise any perceived issues before the Board.

## SCHEDULE "D" CHARTER OF THE AUDIT COMMITTEE

### RANCHERO GOLD CORP. (the "Corporation")

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#### I. Purpose

The Audit Committee (the "**Committee**") is a committee of the Board of Directors of the Corporation (the "**Board**") which assists the Board in overseeing the Corporation's financial controls and reporting and in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. The Committee's primary duties and responsibilities are to:

- Oversee: (i) the integrity of the Corporation's financial statements; (ii) the Corporation's compliance with legal and regulatory requirements with respect to financial controls and reporting; and (iii) the auditor's qualifications and independence.
- Serve as an independent and objective party to monitor the Corporation's financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Corporation's independent auditor and its internal auditing functions.
- Provide open lines of communication among the independent auditor, financial and senior management and the Board for financial reporting and control matters.

#### II. Composition

Members of the Committee are appointed and removed by the Board. The Board shall designate annually the members of the Committee and a Chairman of the Committee. The Committee will be comprised of at least three directors, a majority of whom are not executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation<sup>1</sup>. All members of the Committee should have skills and/or experience which are relevant to the mandate of the Committee, as determined by the Board. All members of the Committee shall be financially literate. "Financial literacy" shall be determined by the Board in the exercise of its business judgment, and shall include a working familiarity with basic finance and accounting practices and an ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the Corporation's financial statements. Committee members, if they or the Board deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant or firm.

#### III. Responsibilities

The Board, in establishing the Committee, has acknowledged that the Corporation is a venture issuer and, as such, the responsibilities outlined herein are intended as general guidelines intended to be applied in

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<sup>1</sup> Determined in accordance with National Instrument 52-110 – *Audit Committees*.

the context of the size of the Corporation and its stage of development. The responsibilities of the Committee shall generally include, but shall not be restricted to, undertaking the following:

*Selection and Evaluation of Auditor*

- (a) Recommending to the Board the external auditor (subject to shareholder approval) to be engaged to prepare or issue an auditor's report or performing other audit, review or attest services for the Corporation and the compensation of such external auditor.
- (b) Overseeing the independence of the Corporation's auditor and taking such actions as the Committee may deem necessary to satisfy it that the Corporation's auditor is independent within the meaning of applicable securities laws by, among other things: (i) requiring the independent auditor to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditor and the Corporation; and (ii) actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and taking appropriate action to satisfy itself of the auditor's independence.
- (c) Instructing the Corporation's independent auditor that: (i) it is ultimately accountable to the Committee (as representatives of the shareholders of the Corporation); (ii) they must report directly to the Committee; and (iii) the Committee is responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation's independent auditor.
- (d) Ensuring the respect of legal requirements regarding the rotation of applicable partners of the external auditor, on a regular basis, as required.
- (e) Reviewing and pre-approving all audit and permitted non-audit services or mandates to be provided by the independent auditor to the Corporation or any of its subsidiaries including tax services, and the proposed basis and amount of the external auditor's fees for such services, and determining which non-audit services the auditor is prohibited from providing (and, if deemed advisable, adopting specific policies and procedures related thereto).
- (f) Reviewing the performance of the Corporation's independent auditor and replacing or terminating the independent auditor (subject to required shareholder approvals) when circumstances warrant.

*Oversight of Annual Audit*

- (a) Reviewing and accepting, if appropriate, the annual audit plan of the Corporation's independent auditor, including the scope, extent and schedule of audit activities, and monitoring such plan's progress and results during the year.
- (b) Confirming through private discussions with the Corporation's independent auditor and the Corporation's management that no management restrictions are being placed on the scope of the independent auditor's work.
- (c) Reviewing with the external auditor any audit problems or difficulties and management's response thereto and resolving any disagreement between management and the external auditor regarding accounting and financial reporting.
- (d) Reviewing with management and the external auditor the results of the year-end audit of the Corporation including: (i) the annual financial statements and the audit report, the related

management representation letter, the related “Memorandum Regarding Accounting Procedures and Internal Control” or similar memorandum prepared by the Corporation’s independent auditor, any other pertinent reports and management’s responses concerning such memorandum; and (ii) the qualitative judgments of the independent auditor about the appropriateness, and not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation including any alternative treatments of financial information that have been discussed with management, the ramification of their use and the independent auditor’s preferred treatment as well as any other material communications with management and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.

*Oversight of Financial Reporting Process and Internal Controls*

- (a) Reviewing with management and the external auditor the annual financial statements and accompanying notes, the external auditor’s report thereon and the related press release, and obtaining explanations from management on all significant variances with comparative periods, before recommending approval by the Board and the release thereof.
- (b) Reviewing with management the quarterly financial statements, any auditor’s review thereof and the related press release before recommending approval by the Board and the release thereof.
- (c) Reviewing and periodically assessing the adequacy of the Corporation’s procedures for the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, including reviewing the financial information contained in the annual information form, management proxy circular, management’s discussion and analysis, prospectuses and other documents containing similar financial information before their public disclosure or filing with regulatory authorities including any Committee report for inclusion in the Corporation’s management information circular in accordance with applicable rules and regulations.
- (d) Periodically reviewing the Corporation’s disclosure policy to ensure that it conforms with applicable legal and regulatory requirements.
- (e) Reviewing the adequacy and effectiveness of the Corporation’s accounting and internal control policies and procedures through inquiry and discussions with the Corporation’s independent auditor and management.
- (f) Monitoring the quality and integrity of the Corporation’s disclosure controls and procedures and management information systems through discussions with management and the external auditor.
- (g) Overseeing management’s reporting on internal controls and disclosure controls and procedures.
- (h) Reviewing on a regular basis and monitoring the Corporation’s policies and guidelines which govern the Corporation’s risk assessment and risk management including the Corporation’s major financial risk exposures and the steps management has taken to monitor and control such exposures including hedging policies through the use of financial derivatives, if any.
- (i) Establishing and maintaining free and open means of communication between and among the Board, the Committee, the Corporation’s independent auditor and management.

#### *Other Matters*

- (a) Assisting the Board with oversight of the Corporation's compliance with applicable legal and regulatory requirements including meeting with outside counsel when appropriate to review legal and regulatory matters including any matters that may have a material impact on the financial statements of the Corporation.
- (b) Reviewing and approving any transactions between the Corporation and members of management and/or the Board as well as policies and procedures with respect to officers' expense accounts and perquisites including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent auditor.
- (c) Conducting or authorizing investigations into any matters within the Committee's scope of responsibilities including retaining outside counsel or other consultants or experts as the Committee determines necessary to carry out its duties and to set and pay the compensation for these advisors.
- (d) Establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (e) Establishing procedures for the review and approval of financial and related information of the Corporation.
- (f) Reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
- (g) Performing such additional activities, and considering such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

#### **IV. Meetings and Advisors**

The Committee will meet as often as it deems necessary or appropriate to perform its duties and carry out its responsibilities described above in a timely and efficient manner, but not less than quarterly. The quorum at any meeting of the Committee shall be a majority of its members. All such meetings shall be held pursuant to the by-laws of the Corporation with regard to notice and waiver thereof.

The Committee shall meet on a regular basis without management or the external auditor. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. As part of its mandate to foster open communications, the Committee shall meet at least annually, and more frequently as required, with management and the Corporation's independent auditor in separate executive sessions to discuss any matters that the Committee or any of these groups or persons believe should be discussed privately. The independent auditor will have direct access to the Committee at its own initiative. The Chairman of the Committee shall work with the Chief Financial Officer and management to establish the agenda for Committee meetings.

Written minutes of each meeting of the Committee shall be filed in the Corporation's records. The Chairman of the Committee will report periodically to the Board.

The Committee shall, in appropriate circumstances and subject to advising the Chairman of the Board, have the authority to engage and obtain advice and assistance from such advisors including outside legal counsel and accountants, as it determines is necessary or appropriate to carry out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of the fees of (i) any independent auditor engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (ii) any independent advisors employed by the Committee.

#### **V. Disclosure of Charter**

The charter shall be published in the Corporation's annual information form or information circular if required by applicable securities laws.

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations.

Nothing contained in this charter is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Committee.



