

**PEGASUS RESOURCES INC.**  
700-838 W Hastings Street  
Vancouver, BC V6C 0A6

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS GIVEN** that the Annual General Meeting of Shareholders (the “**Meeting**”) of Pegasus Resources Inc. (the “**Company**”) will be held at 700-838 W Hastings Street, Vancouver, BC V6C 0A6 on Thursday, November 25, 2021 at 10:00 a.m. (Vancouver time) for the following purposes:

1. to receive the Company’s audited financial statements for the financial years ended May 31, 2020 and May 31, 2021 and the auditor’s report thereon;
2. to fix the number of directors for the ensuing year at three;
3. to elect directors for the ensuing year;
4. to appoint Manning Elliott LLP, Chartered Professional Accountants, as the Company’s auditor for the ensuing fiscal year and to authorize the directors to set the auditor’s remuneration;
5. to approve the Company’s 10% rolling stock option plan, as more particularly set out in the accompanying Information Circular;
6. to transact such other business as may properly be brought before the Meeting or any adjournment thereof,

all as more particularly set out in the attached Information Circular. The form of proxy accompanies this Notice. The Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice.

The Directors have fixed the close of business on October 21, 2021 as the record date for determination of shareholders entitled to notice of and the right to vote at the Meeting either in person or by proxy. A shareholder who is unable to attend the Meeting in person and who wishes to ensure that their shares will be voted at the Meeting, is requested to complete, date and execute the enclosed form of Proxy and deliver it to the Company’s transfer agent: Endeavor Trust Corporation, by FACSIMILE (604) 559-8908, by EMAIL proxy@endeavortrust.com or by HAND Suite 702 – 777 Hornby Street, Vancouver, B.C. V6Z 1S4 in accordance with the instructions set out in the form of Proxy and Management Information Circular.

BY ORDER OF THE BOARD OF DIRECTORS OF PEGASUS RESOURCES INC.

(signed) “*Charles Desjardins*”

Charles Desjardins  
President, Chief Executive Officer

## **PEGASUS RESOURCES INC.**

700-838 W Hastings Street  
Vancouver, BC  
V6C 0A6

### **INFORMATION CIRCULAR**

as of October 21, 2021 (unless otherwise noted)

### **MANAGEMENT SOLICITATION OF PROXIES**

This Information Circular is furnished to you in connection with the solicitation of proxies by management of Pegasus Resources Inc. (“we”, “us”, the “Company” or “Pegasus”) for use at the Annual General Meeting (the “Meeting”) of shareholders of the Company to be held on Wednesday November 25, 2021 at 10:00 a.m. at the 700-838 W Hastings Street, Vancouver, BC V6C 0A6 and at any adjournment of the Meeting. The Company will conduct its solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse shareholders, nominees or agents (including brokers holding shares on behalf of clients) for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

### **APPOINTMENT OF PROXY HOLDER**

The persons named as **proxy holders** in the enclosed form of proxy are the Company’s directors or officers. **As a shareholder, you have the right to appoint a person (who need not be a shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

### **VOTING BY PROXY**

The persons named in the accompanying form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your shares will be voted in favour of all matters.

The enclosed form of proxy gives the persons named as proxy holders discretionary authority regarding amendments or variations to matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Information Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgement.

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an “X” in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the proxy holders nominated by management will vote the shares represented by your proxy in accordance with their judgment.**

## RETURN OF PROXY

You must deliver the completed form of proxy to the office of the Company’s registrar and transfer agent, Endeavor Trust Corporation by fax, e-mail or by hand FACSIMILE (604) 559-8908, EMAIL proxy@endeavortrust.com BY HAND Suite 702 – 777 Hornby Street, Vancouver, B.C. V6Z 1S4 or to the Company’s head office at the address listed on the cover page of this Information Circular, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Meeting or any adjournment.

## ADVICE TO NON-REGISTERED SHAREHOLDERS

Only shareholders whose names appear on our records or validly appointed proxy holders are permitted to vote at the Meeting. Most of our shareholders are “non-registered” shareholders because their shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a “**Nominee**”). If you purchased your shares through a broker, you are likely a non-registered shareholder.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as “NOBOs”. Those non-registered Holders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as “OBOs”.

In accordance with the securities regulatory policy, we will have distributed copies of the Meeting Materials, being the Notice of Meeting, this Information Circular, and the form of proxy directly to NOBOs and to the Nominees for onward distribution to OBOs. **The Company does not intend to pay for a Nominee to deliver to OBOs, therefore an OBO will not receive the materials unless the OBO’s Nominee assumes the costs of delivery.**

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting Materials sent to non-registered holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a “VIF”). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered holder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIF’s, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Shares which they beneficially own. **Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered holder may request (in writing) to the Company or its Nominee, as applicable, without expense to the non-registered holder, that the non-registered holder or his/her nominee be appointed as proxyholder and have the right to attend and vote at the Meeting.** Non-registered holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

## **REVOCACTION OF PROXY**

If you are a registered shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to the office of the Company's registrar and transfer agent or to the Company's head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered shareholder who wishes to revoke a VIF or to revoke a waiver of your right to receive Meeting materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the adoption of the Company's stock option plan, approval of which will be sought at the Meeting. Directors and executive officers of the Company may participate in the Company's stock option plan, and accordingly have an interest in its approval. See "Particulars of Matters to be Acted Upon".

## **VOTING SHARES AND PRINCIPAL SHAREHOLDERS**

The Company is authorized to issue an unlimited number of common shares without par value, of which 84,053,822 common shares are issued and outstanding as of October 21, 2021. There is only one class of shares.

Persons who are registered shareholders at the close of business on October 21, 2021 will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every shareholder and proxy holder will have one vote and, on a poll, every shareholder present in person or represented by proxy will have one vote for each share. In order to approve a motion proposed at the Meeting, a majority of at least 50% plus one vote of the votes cast will be required to pass an ordinary resolution, and a majority of at least 2/3 of the votes cast will be required to pass a special resolution.

To the knowledge of our directors and executive officers, there are no persons or companies that beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of all voting rights as of October 21, 2021.

## ELECTION OF DIRECTORS

Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until that person sooner ceases to be a director. The shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company at three (3) for the next year, subject to any increases permitted by the Company's Articles.

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the slate of nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the shares represented by the proxy for the election of any other person or persons as directors.

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed nominees has been furnished by each of them:

Name, Province or State and Country of Residence and Present Office Held	Periods Served as Director	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised <sup>(1)</sup>	Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years
<b>Charles Desjardins</b> <sup>(2)</sup> President, CEO, Interim Chief Financial Officer, and Director B.C., Canada	Since August 14, 2002	Nil	President, CEO, and Interim CFO of the Company; Board Member to several other publicly traded companies.
<b>Dave Bissoondatt</b> <sup>(2)</sup> Director B.C., Canada	Since December 19, 2011	671,000 <sup>(3)</sup>	Retired Quality Coordinator, Medical Imaging; Corporate Secretary Rockland Resources Ltd.
<b>Michael England</b> <sup>(2)</sup> Director B.C., Canada	Since May 3, 2021	209,000	Since 1995, Mr. England has been directly involved with public companies in various roles, including investor relations, directorships and senior officer positions.

Notes:

(1) As at October 21, 2021.

(2) Member of the Audit Committee.

(3) 250,000 of these shares are held by a corporation controlled by Dave Bissoondatt.

Other than as set out below, no proposed director of the Company is or has been, within the past 10 years, a director, chief executive officer or chief financial officer of any company that, while the person was acting in that capacity:

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

an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above, "order" means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

In May 2015, while Charles Desjardins and Dave Bissoondatt were directors of Victory Mountain Ventures Ltd. ("Victory"), Victory was subject to a cease trade order of the BCSC and a cease trade order of the ASC (in August 2015) for failure to file the required continuous disclosure documents for the financial year ended December 31, 2014. The cease trade orders remain in effect.

In May 2015, while Charles Desjardins was a director of Zone Resources Inc. ("Zone"), Zone was subject to a cease trade order of the BCSC and a cease trade order of the ASC (in August 2015) for failure to file the required continuous disclosure documents for the financial year ended December 31, 2014. The cease trade orders remain in effect.

In October 2014, while Charles Desjardins and Dave Bissoondatt were directors of Vega Mining Inc. ("Vega"), Vega was subject to a cease trade order of the BCSC and a cease trade order of the ASC (in March 2015) for failure to file the required continuous disclosure documents for the financial year ended May 31, 2014. The cease trade orders remain in effect.

In September 2014, while Mike England was a director of BTU Capital Corp. (now BTU Metals Corp.) ("BTU"), BTU was subject to a cease trade order of the BCSC for failure to file the required continuous disclosure documents for the financial year ended April 30, 2014. The required documents were subsequently filed, the cease trade orders lifted and BTU was reinstated for trading on February 16, 2017.

No proposed director of the Company has, within the past 10 years, become 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 the assets of the proposed director.

Other than as set out below, to the knowledge of the Company, no nominee for director of the Company 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 shareholder in deciding whether to vote for a proposed director.

In 1985 while, while Charles Desjardins was employed by Odlum Brown Limited, he was suspended by the Vancouver Stock Exchange for a period of 5 years for non-authorization of discretionary trading in clients' accounts. Charles Desjardins left Odlum Brown Limited in June 1985.

In March 1997, while Charles Desjardins was the Director, President and CEO of Tandem Capital Group Inc. ("Tandem"), Tandem reached a settlement in the amount of \$4,500 with the BCSC for making representations relating to the future value of a security, in contravention of the Securities Act, S.B.C 1985, c.83. In August 2000, in connection with his role as a director of Tandem, Charles Desjardins was fined \$2,000 for failure to comply with the Income Tax Act.

No proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become 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.

## EXECUTIVE COMPENSATION

The Company is a venture issuer and is disclosing its executive compensation in accordance with Form 51-102F6V.

The following persons are considered the “Named Executive Officers” or “NEOs” for the purposes of this disclosure:

- (a) the Company’s chief executive officer (“CEO”);
- (b) the Company’s chief financial officer (“CFO”);
- (c) each of the Company’s most highly compensated executive officers, 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 the May 31, 2021 year end; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact the individual was neither an executive officer, nor acting in a similar capacity at May 31, 2021.

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

The following table provides a summary of compensation paid or accrued, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiaries of the Company to each Named Executive Office and director of the Company during the Company’s two most recent financial years ended May 31, 2021 and May 31, 2020.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites <sup>(1)</sup> (\$)	Value of all other compensation (\$)	Total compensation (\$)
Charles Desjardins President, CEO, Interim Chief Financial Officer, and Director	2021	Nil	Nil	N/A	Nil	Nil	Nil
	2020	Nil	Nil	N/A	Nil	Nil	Nil
Dave Bissoondatt	2021	52,000	Nil	N/A	Nil	Nil	52,000

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites <sup>(1)</sup> (\$)	Value of all other compensation (\$)	Total compensation (\$)
Director	2020	39,000	Nil	N/A	Nil	Nil	39,000
<b>Michael England</b> Director	2021	Nil	Nil	N/A	Nil	Nil	Nil
	2020	Nil	Nil	N/A	Nil	Nil	Nil
<b>Glen C MacDonald<sup>(2)</sup></b> Former Director	2021	Nil	Nil	N/A	Nil	Nil	Nil
	2020	Nil	Nil	N/A	Nil	Nil	Nil

Notes:

(1) The value of perquisites and benefits, if any, was less than \$15,000.

(2) Mr. MacDonald resigned as a director on April 16, 2021.

### Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued during the most recently completed financial year ended May 31, 2021 to each Named Executive Officer and director for services provided or to be provided, directly or indirectly, to the Company or its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Charles Desjardins</b> President, CEO, Interim Chief Financial Officer, and Director	Stock Options <sup>(1)</sup>	Nil	N/A	N/A	N/A	N/A	N/A
<b>Dave Bissoondatt</b> Director	Stock Options <sup>(2)</sup>	200,000 <sup>(3)</sup>	August 28, 2020	\$0.05	\$0.04	\$0.05	August 28, 2025
<b>Michael England</b> Director	Stock Options	250,000	August 28, 2020	\$0.05	\$0.04	\$0.05	August 28, 2025
<b>Glen C MacDonald<sup>(4)</sup></b> Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

(1) As at May 31, 2021, Mr. Desjardins also held the following stock options:

- (2) As at May 31, 2021, Mr. Bissoondatt also held the following stock options: 175,000 stock options exercisable at \$0.065 until September 14, 2023.
- (3) These options are held by a corporation controlled by Mr. Bissoondatt.
- (4) Mr. MacDonald resigned as a director on April 16, 2021.

### **Exercise of Compensation Securities by Directors and NEOs**

No director or NEO exercised any stock options during the financial year ending May 31, 2021.

For information about the material terms of the Company's stock option plan, please refer to the heading "Particulars of Matters to be Acted Upon – Shareholder Approval of Stock Option Plan".

### **Employment, Consulting and Management agreements**

There are no consulting contracts between the Company and the NEOs and directors.

There are no compensatory plans, contracts or arrangements between the Company and any NEO, where the NEO is entitled to receive more than \$50,000 from the Company, including periodic payments or installments, in the event of:

- (a) the resignation, retirement or any other termination of employment of the NEO's employment with the Company;
- (b) a change of control of the Company; or
- (c) a change of the NEO's responsibilities following a change in control.

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

The Board as a whole has the responsibility of determining the compensation for the NEOs and the directors.

The Company's compensation objectives include the following:

- to assist the Company in attracting and retaining highly-qualified individuals;
- to create a sense of ownership in the Company among directors, officers, consultants and employees and to align their interests with those of the shareholders; and
- to ensure that the Company compensation program is competitive as well as financially affordable.

The Company's compensation program is designed to provide competitive levels of compensation. The Company recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, the Company's NEOs and directors may receive compensation that is comprised of three components:

- salary, wages or contractor payments;
- stock option grants; and/or
- bonuses.

The objective and reason for this system of compensation is to allow the Company to remain competitive compared to its peers in attracting experienced personnel. The base salary of a

NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEOs. Base salary is not evaluated against a formal “peer group”. The Company’s Compensation Committee relies on the general experience of its members in setting base salary amounts.

Stock option grants are designed to reward the NEOs and directors for success on a similar basis as the shareholders of the Company, although the level of reward provided by a particular stock option grant is dependent upon the volatile stock market.

Any bonuses paid to the NEOs and directors are allocated on an individual basis related to the review by the Board of the work planned during the year and the work achieved during the year, including work related to administration, financing, shareholder relations and overall performance. The bonuses are paid to reward work done above the base level of expectations set by the base salary, wages or contractor payments.

### Pension Arrangements

The Company does not have any pension arrangements in place for the NEOs and directors.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has an incentive stock option plan under which stock options are granted. Stock options have been determined by the Company’s directors and are only granted in compliance with applicable laws and regulatory policy. The policies of the Exchange limit the granting of stock options to employees, officers, directors and consultants of the Company and provide limits on the length of term, number and exercise price of such options. The Exchange also requires annual approval of stock option plans by shareholders.

The following table sets out equity compensation plan information as at the end of the financial year ended May 31, 2021.

Plan Category	Number of securities to be issued upon exercise of outstanding options <sup>(1)</sup>	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(2)</sup>
(a)	(b)	(c)	
Equity compensation plans <b>approved</b> by securityholders	6,775,000	\$0.07	385,882
Equity compensation plans <b>not approved</b> by securityholders	Nil	N/A	N/A
Total	6,775,000	\$0.07	385,882

Notes:

(1) Assuming outstanding options are fully vested.

(2) Excluding the number of shares issuable on exercise of the outstanding options shown in the second column.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our directors or executive officers, proposed nominees for election as directors, or associates of any of them, is or has been indebted to the Company or our subsidiaries at any time since the beginning of the most recently completed financial year and no indebtedness remains outstanding as at the date of this Information Circular.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of our last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of our subsidiaries, other than as disclosed under the heading “Particulars of Matters to be Acted On”.

An “informed person” means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed or otherwise acquired any of its securities, so long as it holds any of its securities.

## AUDIT COMMITTEE

Under this heading, the Company is including the disclosure required by Form 52-110F2 of National Instrument 52-110 *Audit Committees* (“NI 52-110”).

### Audit Committee Charter

The Audit Committee Charter was adopted by the Company’s Audit Committee and the Board of Directors. The full text of the Company’s Audit Committee Charter is attached as Appendix “A” to the Company’s Information Circular dated February 18, 2020 which was filed on SEDAR on March 30, 2020 and can be viewed under the Company’s profile at [www.sedar.com](http://www.sedar.com).

### Composition of the Audit Committee

As of the date of this Information Circular, the following are the members of the Audit Committee:

Name of Member	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Charles Desjardins	Not independent	Yes
Dave Bissoondatt	Independent	Yes

Michael England	Independent	Yes
-----------------	-------------	-----

Notes:

(1) As that term is defined in NI 52-110.

### **Relevant Education and Experience of Audit Committee Members**

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting, are as follows:

**Charles Desjardins** - Mr. Desjardins brings more than 30 years of public company experience in the areas of finance and public company management and has been the CEO of the Company since 2003. Previously he was President and CEO of Tandem Capital Group Inc. which was active in the investor relations field during the mid-1980s. Mr. Desjardins has held director and management positions with numerous public mineral exploration and technology companies.

**Dave Bissoondatt** – Mr. Bissoondatt was previously a Quality Coordinator for a medical imaging company but is now retired. Mr. Bissoondatt also acts as Corporate Secretary for Rockland Resources Ltd.

**Michael England** - Mr. England has been involved in the public markets since 1983, beginning his career working at the Vancouver Stock Exchange as a floor trader. Since 1995, Mr. England has been directly involved with public companies in various roles, including investor relations, directorships and senior officer positions. To date, Mr. England has been directly responsible for raising in excess of \$80-million for mineral exploration and acquisitions.

### ***Audit Committee Oversight***

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

### ***Reliance on Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally***

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI

52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit), the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), the exemption in subsection 6.1.1(5) (*Events Outside of Control of Member*), the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

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

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

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

The following table discloses the fees billed to the Company by its external auditor during the last two financial years:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
May 31, 2021	\$48,500	Nil	\$Nil	Nil
May 31, 2020	\$48,500	Nil	\$Nil	Nil

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and if applicable, quarterly reviews of the Company's consolidated 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 for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice.
- (4) "All Other Fees" includes all other non-audit services".

### ***Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations***

Since the Company is a venture issuer, it relies on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in 'Composition of the Audit Committee' above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in this Information Circular).

## **CORPORATE GOVERNANCE**

National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian securities administrators requires the Company to annually disclose certain information regarding its corporate governance practices. Under this heading, the Company is providing the disclosure required by Form 58-101F2.

### **Board of Directors**

The Board has responsibility for the stewardship of the Company including responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

The Board sets long term goals and objectives for the Company and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Company to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business. The Board is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Company's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Company is authorized to act without board approval, on all ordinary course matters relating to the Company's business.

The Board also monitors the Company's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board is responsible for selecting the President and appointing senior management and for monitoring their performance.

The Board considers that the following directors are "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than interests and relationships arising from shareholding: Dave Bissoondatt and Michael England. The Board considers that Charles Desjardins, the CEO and interim CFO of the Company, is not independent because he is a member of management.

## Directorships

Certain of the directors are presently a director of one or more other reporting issuers (or equivalent) in a Canadian or foreign jurisdiction, as follows:

<b>Name of Director</b>	<b>Other reporting issuer (or equivalent in a foreign jurisdiction)</b>
Charles Desjardins	79 Resources Ltd.
	Rockland Resources Ltd.
Dave Bissoondatt	None
Michael England	Rockland Resources Ltd.
	Infinite Ore Corp.

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
	BTU Metals Corp.

### **Orientation and Continuing Education**

The Board is responsible for providing orientation for all new recruits to the Board. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director. Pegasus provides continuing education for its directors as the need arises and encourages open discussion at all meetings, which format encourages learning by the directors.

### **Ethical Business Conduct**

The Company has not, to date, adopted a formal written Code of Ethical Business Conduct. The current limited size of the Company's operations, and the small number of officers and employees allow the Board to monitor, on an ongoing basis, the activities of management and to ensure that the highest standard of ethical conduct is maintained. The Board is aware of the recommendation in National Policy 58-201 *Corporate Governance Guidelines* to adopt a written code of business conduct and ethics and is reviewing different standards that may be appropriate for the Company to adopt.

To date, the Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director must disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The disclosure must be evidenced in writing by being included in the consent resolutions or minutes of the meeting that approved the transaction or in a written disclosure delivered to the Company's records office. Unless the director properly discloses his interest and has the transaction properly approved, he may be liable to account to the Company for any profit he makes as a result of the transaction, unless the court finds that the transaction was fair and reasonable to the Company. Once the appropriate disclosure has been made by the interested director, the transaction must be approved by the directors or by the shareholders by special resolution. An interested director would not be entitled to vote at meetings of directors which evoke any such conflict.

### **Nomination of Directors**

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees to fill vacancies and for the next annual meeting the shareholders. The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the

Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives and a willingness to serve.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, this policy may be reviewed in the future depending on the circumstances of the Company.

### **Compensation**

The Board periodically reviews the compensation paid to directors, management and other employees based on such factors as time commitment and level of responsibility, comparative fees paid by other companies in the industry in North America and the Company's current position as an exploration company with limited operating revenue.

The Board does not have a compensation committee, and these functions are currently performed by the Board as a whole. However, this policy may be reviewed in the future depending on the circumstances of the Company.

### **Other Board Committees**

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

### **Assessments**

The Board conducts periodic assessments of its members including individual assessments to determine if the Board, its committee and the individual directors are performing efficiently. Based on the Company's size, stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. As the activities of the Company develop, it will consider the establishment of more formal evaluation procedures, including more quantitative measures of performance.

## **APPOINTMENT OF AUDITOR**

Unless otherwise instructed, the proxies given in this solicitation will be voted for the re-appointment of Manning Elliott LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as our auditor to hold office until the next annual general meeting. Manning Elliott LLP, Chartered Professional Accountants has been the Company's auditors since August 2013. We propose that the Board of Directors be authorized to fix the remuneration to be paid to the auditor.

Our Audit Committee recommends the election of Manning Elliott LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as our auditor to hold office until the Company's next annual general meeting. The Audit Committee proposes that the Board of Directors be authorized to fix the remuneration to be paid to the auditor.

**Unless otherwise instructed, the proxies solicited by management will be voted for the appointment of Manning Elliott LLP, Chartered Professional Accountants, as the Company's auditor.**

## **MANAGEMENT CONTRACTS**

The management functions of the Company are not to any substantial degree performed by any person other than the executive officers and directors of the Company.

## **PARTICULARS OF MATTERS TO BE ACTED ON**

### **Shareholder Approval of Stock Option Plan**

The only equity compensation plan which the Company currently has in place is the 2020 stock option plan (the “**2020 Plan**”) which was approved by the directors of the Company. The 2020 Plan was established to provide incentive to employees, officers, directors and consultants who provide services to the Company. Exchange policy requires that all companies listed on the Exchange adopt a stock option plan if a company wishes to grant stock options and that all stock option plans that reserve a maximum of 10% of the issued and outstanding share capital of the Company at the time of grant (called a “rolling plan” under Exchange policies), must be approved and ratified by shareholders on an annual basis in accordance with Policy 4.4 of the Exchange (“**Policy 4.4**”). The Company’s 2020 Plan was approved at the previous annual general meeting of shareholders held on April 24, 2020.

Management seeks shareholder approval for renewal of the 2020 Plan, as the Company’s 2021 stock option plan (the “**2021 Plan**”) in accordance with and subject to the rules and policies of the Exchange. The intention of management in proposing the 2021 Plan is to increase the proprietary interest of employees, officers, directors and consultants in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company. It is proposed that under the 2021 Plan, the total number of common shares that may be reserved for issuance will be 10% of the issued and outstanding common shares of the Company at the time of grant, less any common shares reserved for issuance pursuant to the grant of stock options under any other share compensation arrangements. The 2021 Plan complies with the current policies of the Exchange, and all capitalized terms below that are not defined in this Information Circular, have the meanings given to them in Policy 4.4. The 2021 Plan is subject to approval by the Exchange.

### **Terms of the 2021 Plan**

A full copy of the 2021 Plan will be available at the Meeting for review by shareholders. Shareholders may also obtain copies of the 2021 Plan from the Company prior to the meeting on written request. The following is a summary of the material terms of 2021 Plan:

1. The options are non-assignable and non-transferable (except that the Optionee’s heirs or administrators can exercise any portion of the outstanding option, up to one year from the Optionee’s death).
2. The number of shares subject to each option is determined by the Board of Directors provided that the 2021 Plan, together with all other previously established or proposed share compensation arrangements may not, during any 12 month period, result in:
  - (a) the number of options granted to any one Person exceeding 5% of the issued shares of the Company; or
  - (b) the number of options granted to any one Consultant exceeding 2% of the issued shares of the Company; or
  - (c) the number of options granted to all Persons retained to provide Investor Relations Activities of a number shares exceeding 2% of the issued shares of the Company.
3. The exercise price of an option may not be set at less than Discounted Market Price.

4. The options may be exercisable for a period of up to 10 years, (subject to extension where the expiry date falls within a “blackout period”).
5. Disinterested shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Company at the time of the proposed amendment.
6. For stock options granted to Employees, Consultants or Management Company Employees, the Company and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.
7. Any options granted to any Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within a reasonable period following the date the Optionee ceases to be in that role (in general, the Exchange considers anything not exceeding 12 months to be a reasonable period for these purposes).

Shareholders will be asked to pass the following, ordinary resolution, approving the Company’s 2021 Plan:

**“IT IS RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. The Company adopt a 2021 Stock Option Plan (the “Plan”), including the reserving for issuance under the Plan at any time of a maximum of 10% of the issued common shares of the Company;
2. The Board of Directors be authorized on behalf of the Company to make any further amendments to the Plan as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure adoption of the Plan;
3. The Company file the Plan with the TSX Venture Exchange for acceptance; and
4. Any one director or officer of the Company is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”

**Recommendation of the Company’s Directors**

The directors have reviewed and considered all facts respecting the approval of the 2021 Plan. The Company’s directors unanimously recommend that the shareholders vote in favour of ratifying and approving the 2021 Plan.

An ordinary resolution requires the approval of a simple majority (50% + one vote) of the votes cast at the Meeting, in person or by proxy. **It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies FOR the ordinary resolution authorizing the approval of the 2021 Plan.**

**ADDITIONAL INFORMATION**

Additional information about the Company is located on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company’s comparative financial statements and Management’s Discussion and Analysis for its most recently completed financial year ended May 31, 2021. Shareholders may contact the Company to request copies of the financial statements and

Management's Discussion and Analysis by writing to Dave Bissoondatt at the address below or by e-mail at [dave.bissoondatt@hotmail.ca](mailto:dave.bissoondatt@hotmail.ca).

**PEGASUS RESOURCES INC.**  
700-838 W Hastings Street  
Vancouver, BC V6C 0A6

### **OTHER MATERIAL FACTS**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting by proxy.

DATED at Vancouver, British Columbia, on the 21st day of October, 2021.

BY ORDER OF THE BOARD

**PEGASUS RESOURCES INC.**

(signed) "*Charles Desjardins*"

Charles Desjardins  
President, Chief Executive Officer