

# **CANADIAN ENERGY MATERIALS CORP.**

Suite 1000, 409 Granville Street  
Vancouver, BC, V6C 1T2  
Telephone: (604) 602-0001

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of the holders of common shares of **CANADIAN ENERGY MATERIALS CORP.** (the “**Company**”) will be held at 10:00 am (local time) on December 9, 2019, at #451, 409 Granville Street, Vancouver, BC, for the following purposes:

1. To receive and consider the audited financial statements of the Company for the financial year ended March 31, 2019, together with the auditors’ report thereon.
2. To fix the number of directors for the ensuing year at four (4).
3. To elect directors of the Company for the ensuing year.
4. To appoint the auditors of the Company for the ensuing year and to authorize the directors to fix the auditors’ remuneration.
5. To consider and if thought fit, pass an ordinary resolution ratifying and confirming the Company’s stock option plan.
6. To transact such other business that may properly come before the Meeting and any adjournment thereof.

This Notice is accompanied by the Information Circular and either a form of proxy or a voting instruction form. Shareholders are requested to read the Information Circular and, if unable to attend the Meeting in person, complete, date, sign and return the proxy or voting instruction form, as applicable, so that as large a representation as possible may be had at the Meeting.

The Board of Directors of the Company has fixed the close of business on November 4, 2019, as the record date, being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof. The Board of Directors has also fixed 10:00 a.m. (Pacific time) on Monday, December 9, 2019, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays), as the time before which proxies to be used or acted upon at the Meeting or any adjournment thereof shall be deposited with the Company’s registrar and transfer agent, Computershare Trust Company.

DATED at Vancouver, British Columbia, this 4<sup>th</sup> day of November, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

**“MICHAEL SCHUSS”**

**President and Chief Executive Officer**

# CANADIAN ENERGY MATERIALS CORP.

## INFORMATION CIRCULAR

(containing information as of November 4, 2019, unless otherwise noted)

### INTRODUCTION

This Information Circular is in respect of the annual general meeting (the “**Meeting**”) of the shareholders of **Canadian Energy Materials Corp.** (the “**Company**”) to be held on December 9, 2019, at the time and place set out in the accompanying Notice of Meeting. **This Information Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting and any adjournment of the Meeting.** The Board of Directors of the Company (the “**Board**”) has fixed the close of business on November 4, 2019, as the record date (the “**Record Date**”), being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

### PROXY INSTRUCTIONS

#### Management Solicitation and Appointment of Proxies

The persons named in the enclosed form of proxy are nominees of the Company’s management. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for and on the shareholder’s behalf at the Meeting other than the persons designated as proxyholders in the form of proxy. To exercise this right, the shareholder must either:**

- (a) **on the form of proxy, strike out the printed names of the individuals specified as proxyholders and insert the name of the shareholder’s nominee in the blank space provided; or**
- (b) **complete another proper form of proxy.**

To be valid, a proxy must be dated and signed by the shareholder or by the shareholder’s attorney authorized in writing. In the case of a corporation, the proxy must be signed by a duly authorized officer or attorney for the corporation.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to Computershare Investor Services Inc. (“**Computershare**”), 100 University Avenue, Toronto, Ontario, M5J 2Y1; fax within North America: 1-866-249-7775; fax outside North America: (416) 263-9524, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.

#### Revocability of Proxies

A shareholder who has given a proxy may revoke it at any time before the proxy is exercised:

- (a) by an instrument in writing that is:
  - (i) signed by the shareholder, the shareholder’s attorney authorized in writing or, where the shareholder is a corporation, a duly authorized officer or attorney of the corporation; and
  - (ii) delivered to Computershare or to Harmony Corporate Services, at Suite 1000 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting, or delivered to the Chairperson of the Meeting on the day of the Meeting or any adjournment of the Meeting before any vote on a matter in respect of which the proxy is to be used has been taken; or
- (b) in any other manner provided by law.

### **Exercise of Discretion by Proxyholders**

A shareholder may indicate the manner in which the persons named in the form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting indicated in the proxy are certain, the shares represented by the proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions given in the proxy.**

**If the shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the shares represented will be voted or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the proxyholder named in the form of proxy. It is intended that the proxyholder named by management in the form of proxy will vote the shares represented by the proxy in favour of each matter identified in the proxy and for the nominees of the Company for directors and auditor.**

The form of proxy also confers discretionary authority upon the named proxyholder with respect to 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. As of the date of this Information Circular, management of the Company is not aware of any such amendments or variations, or any other matters, that will be presented for action at the Meeting other than those referred to in the Notice of Meeting. If, however, other matters that are not now known to management properly come before the Meeting, then the persons named in the form of proxy intend to vote on them in accordance with their best judgment.

### **Solicitation of Proxies**

It is expected that solicitations of proxies will be made primarily by mail and possibly supplemented by telephone or other personal contact by directors, officers and employees of the Company without special compensation. The Company will not reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the costs incurred in obtaining authorization to execute forms of proxy from their principals. The cost of solicitation will be borne by the Company.

### **ADVICE TO NON-REGISTERED SHAREHOLDERS**

ONLY REGISTERED SHAREHOLDERS OR DULY APPOINTED PROXYHOLDERS ARE PERMITTED TO VOTE AT THE MEETING. SHAREHOLDERS WHO DO NOT HOLD THEIR SHARES IN THEIR OWN NAME (REFERRED TO AS "**NON-REGISTERED SHAREHOLDERS**") ARE ADVISED THAT ONLY PROXIES FROM SHAREHOLDERS OF RECORD CAN BE RECOGNIZED AND VOTED AT THE MEETING.

Non-Registered Shareholders who complete and return an instrument of proxy or voting instruction form must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder.

If securities are listed in an account statement provided to a shareholder by a broker, then in almost all cases those securities will not be registered in such shareholder's name on the records of the Company and will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such securities are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Securities held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial shareholder. Without specific instructions, brokers/nominees are prohibited from voting securities for their clients.

If you are a Non-Registered Shareholder and Computershare has sent Meeting materials directly to you, your name, address and information about your shareholdings have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. Such shareholders can expect to receive a scannable voting instruction form ("**VIF**") with these Meeting materials. The VIF is to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described in the VIF. Computershare will tabulate the results of the VIFs received from beneficial shareholders and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive. **A NON-REGISTERED SHAREHOLDER RECEIVING A VIF CANNOT USE THAT VIF TO VOTE SECURITIES DIRECTLY AT THE MEETING. THE VIF MUST BE RETURNED TO COMPUTERSHARE WELL IN ADVANCE OF THE MEETING IN ORDER TO HAVE THE SHARES VOTED.**

Non-Registered Shareholders who have objected to their broker/nominee disclosing ownership information about themselves to the Company are referred to as objecting beneficial owners (“OBOs”). In accordance with securities regulatory policy, the Company has distributed copies of the required Meeting materials to the brokers/nominees for onward distribution to OBOs. THE COMPANY DOES NOT INTEND TO PAY FOR A BROKER/NOMINEE TO DELIVER MEETING MATERIALS TO OBOs. THEREFORE, AN OBO WILL NOT RECEIVE THE MATERIALS UNLESS THE OBO’S BROKER/NOMINEE ASSUMES THE COSTS OF DELIVERY.

Brokers/nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Every broker/nominee has its own mailing procedures and provides its own return instructions, which should be carefully followed by OBOs in order to ensure that their securities are voted at the Meeting. Often the form of proxy supplied to a beneficial shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder.

Should a Non-Registered Shareholder receiving a form of proxy or VIF wish to attend and vote at the Meeting, or have someone else attend on his/her behalf, the Non-Registered Shareholder may request (in writing) to the Company or its broker/nominee, as applicable, without expense to the Non-Registered Shareholder, that the Non-Registered Shareholder or his/her nominee be appointed as proxyholder and have the right to attend and vote at 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 election of directors and the adoption of the Option Plan (as defined below), approval of which will be sought at the Meeting. Directors and executive officers of the Company may participate in the Option Plan, and accordingly have an interest in its approval. See “Particulars of Matters to be Acted Upon”.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

Only shareholders of the Company who are listed on its Register of Shareholders on the record date of November 4, 2019, are entitled to receive notice of and to attend and vote at the Meeting or any adjournment of the Meeting (see “Proxy Instructions” above).

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of November 4, 2019, the Company had 25,905,016 common shares issued and outstanding.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

#### **Approval of Resolutions**

To approve a motion by an ordinary resolution, a majority of the votes cast by shareholders in person or by proxy who vote in respect of that resolution will be required. To approve a motion by a special resolution, a majority of not less than two-thirds of the votes cast in person or by proxy by those shareholders who vote in respect of that resolution will be required.

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

##### **Setting Number of Directors**

Management of the Company proposes that the number of directors for the Company be determined at four (4) for the ensuing year, subject to such increases as may be permitted by the Articles of the Company. Shareholders will therefore be asked to approve an ordinary resolution setting the number of directors at four (4) for the ensuing year.

## **Election of Directors**

The Company's Board of Directors (the "**Board**") proposes to nominate the persons named in the table below for election as directors of the Company. Each director elected will hold office until the next annual general meeting of the Company or until his successor is duly elected or appointed, unless the office is earlier vacated in accordance with the Articles of the Company or the *Business Corporations Act* (British Columbia) (the "**Act**") or he becomes disqualified to act as a director.

The following table sets out the names of management's nominees for election as directors, the jurisdiction in which each is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which each has been a director of the Company, the respective principal occupations or employments during the past five years (if such nominee is not presently a director who was elected to his present term of office by a vote of shareholders) and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular.

<b>Name, Province/State and Country of Residence</b>	<b>Principal Occupation or Employment and, if not elected a director by a vote of security holders, occupation during the past five years</b>	<b>First and Present Position with the Company<sup>(1)</sup></b>	<b>Approx. no. of voting securities beneficially owned, or controlled or directed, directly or indirectly or over which direction or control is exercised<sup>(2)</sup></b>
<b>Michael Schuss<sup>(3)</sup></b> BC, Canada	CEO of the Company; independent mining and exploration consultant	President, Chief Executive Officer, Secretary and Director since March 2, 2006	1,445,375
<b>Michael Burns<sup>(3)</sup></b> Saskatchewan, Canada	President and Co-Founder of Pioneer Exploration Consultants Inc. (US) and Pioneer Exploration Consultants Ltd. (Canada)	Director since September 24, 2015	200,000
<b>Rafael Vaudrin<sup>(3)</sup></b> British Columbia, Canada	Consulting Exploration Geologist from 2016 to present	Director since December 30, 2016	Nil
<b>Geoff Balderson</b> British Columbia, Canada	President of Harmony Corporate Services Ltd. since March 2015.	CFO and Director since October 26, 2018	62,500

- (1) This information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Unless otherwise stated above, any nominee named above not elected at the last annual general meeting has held the principal occupation or employment indicated for at least five years.
- (3) Member of the Audit Committee.

### *Corporate Cease Trade Orders and Bankruptcies*

Other than as set out below, as at the date of this Information Circular, and within the last 10 years before the date of this Information Circular, no proposed director (or any of their personal holding companies) of the Company was a director, chief executive officer or chief financial officer of any company (including the Company) that:

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

- (c) is as at the date of this Information Circular or has been within 10 years before the date of this Information Circular, a director or executive officer of any company, including the Company, that, while that person was acting in 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
- (d) has within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

Mr. Balderson was previously President and Chief Executive Officer of Argentum Silver Corp. (“**Argentum**”). On November 2, 2015, at the request of Argentum, the British Columbia Securities Commission issued a Cease Trade Order against insiders of Argentum for failure to file annual audited financial statements and management’s discussion and analysis for the year ended June 30, 2015. The Cease Trade Order was revoked on December 16, 2015.

**Appointment and Remuneration of Auditor**

Shareholders will be asked to approve the appointment of Crowe MacKay LLP, Chartered Accountants, as the auditor of the Company to hold office until the next annual general meeting of shareholders at remuneration to be fixed by the directors.

The table below discloses the services and related costs provided by the Company’s external auditor. The services are divided into the four categories of work performed.

<b>Type of Work</b>	<b>Financial 2018 Fees</b>	<b>Financial 2019 Fees</b>
Audit Services	\$15,300.00	23,562.00
Audit-Related Services	Nil	Nil
Sub-total	\$15,300.00	\$23,562.00
Tax Services	Nil	Nil
All Other Services	Nil	Nil
<b>Total</b>	<b><u>\$15,300.00</u></b>	<b><u>\$23,562.00</u></b>

**Audit Services**

Audit fees were paid for professional services rendered by the auditors for the audit of the Company’s annual financial statements as well as services provided in connection with statutory and regulatory filings.

**Audit-Related Services**

No audit-related fees were paid; however, these fees may be paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements or interim financial statements and are not reported under the audit services category above. These services may include consultations on International Financial Reporting Standards and financial statement disclosures, and discussion with management and audit committee members on internal controls and account procedures.

**Tax Services**

Tax fees may be paid for tax compliance, tax advice and tax planning professional services. These services may consist of providing advice regarding transfer pricing issues, intellectual property, commodity and tax reviews, reviewing tax returns, providing advice regarding corporate structure, and assisting in responses to government tax authorities.

## **Other Services**

No other fees were paid for products and services other than the audit services and tax services described above.

THE COMPANY'S AUDIT COMMITTEE RECOMMENDS THE ELECTION OF CROWE MACKAY LLP AS AUDITOR TO HOLD OFFICE, UNTIL THE COMPANY'S NEXT ANNUAL GENERAL MEETING. UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE PROXY INTEND TO VOTE FOR THE APPROVAL OF THE APPOINTMENT OF CROWE MACKAY LLP AS AUDITORS.

## **Annual Ratification of Stock Option Plan**

TSX Venture Exchange ("**Exchange**") policy 4.4 ("**Policy 4.4**") specifies that all listed issuers must implement a stock option plan. The Company's current stock option plan, which was adopted by shareholders on December 21, 2018 (the "**Option Plan**"), is a "rolling" plan as characterized by Exchange policy, pursuant to which the aggregate number of shares reserved for issuance thereunder may not exceed, at the time of grant, in aggregate 10% of the Company's issued and outstanding shares. Exchange policy requires that shareholder approval for "rolling" stock option plans must be obtained annually. Accordingly, at the Meeting, shareholders will be asked to ratify and approve the Option Plan.

The purpose of the Option Plan is to give to directors, officers, employees and consultants of the Company and its affiliates, as additional compensation, the opportunity to participate in the profitability of the Company by granting to such individuals options to buy shares of the Company at a price equal to the "Market Price" (as defined under the policies of the Exchange) of the Company's shares on the date the option is granted. Generally speaking, the Market Price will be the last closing price of the shares on the Exchange before a grant of options.

## ***Particulars of the Option Plan***

The following is a summary of the principal terms of the Option Plan.

The Option Plan provides that stock options may be granted to directors, senior officers, employees and consultants of the Company (and any subsidiary of the Company) and management company employees. For the purposes of the Option Plan, the terms "employees", "consultants" and "management company employees" have the meanings set out in Policy 4.4. In addition, the term "director" is defined in Policy 4.4 to include directors, senior officers and management company employees.

Under the Option Plan, the Company's Board may, from time to time, designate a director or other senior officer or employee of the Company as administrator (the "**Administrator**") for the purposes of administering the Option Plan. The Administrator will be Mr. Michael Schuss.

The Option Plan provides for the issuance of stock options to acquire at any time up to a maximum of 10% of the issued and outstanding common shares of the Company (subject to standard anti-dilution adjustments). If a stock option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares reserved for issuance under that expired or terminated stock option will again be available for the purposes of the Option Plan. Any stock option outstanding when the Option Plan is terminated will remain in effect until it is exercised, or it expires.

The Option Plan provides that it is solely within the discretion of the Board to determine who should receive stock options and in what amounts, subject to the following conditions:

- (a) options will be non-assignable and non-transferable except that they will be exercisable by the personal representative of the option holder in the event of the option holder's death;
- (b) options may be exercisable for a maximum of ten years from the date of grant;
- (c) options to acquire no more than 5% of the issued shares of the Company may be granted to any one person (including companies wholly-owned by such person) in any 12-month period;

- (d) options to acquire no more than 2% of the issued shares of the Company may be granted to any one consultant in any 12-month period;
- (e) options to acquire no more than an aggregate of 2% of the issued shares of the Company may be granted to an employee conducting Investor Relations Activities (as defined in Exchange Policy 1.1), in any 12-month period;
- (f) at no time will options be issued which could permit at any time the aggregate number of shares reserved for issuance under stock options granted to insiders (as a group) at any point in time exceeding 10% of the issued shares;
- (g) at no time will options be issued which could permit at any time the grant to insiders (as a group), within a 12 month period, of an aggregate number of options exceeding 10% of the issued shares calculated at the date an option is granted to any insider;
- (h) options held by an option holder who is a director, employee, consultant or management company;
- (i) employee must expire within one year after the option holder ceases to be a director, employee, consultant or management company employee, which time period the Company determines is reasonable;
- (j) options held by an option holder who is engaged in Investor Relations Activities must expire within 30 days after the option holder ceases to be employed by the Company to provide Investor Relations Activities; and
- (k) in the event of an option holder's death, the option holder's personal representative may exercise any portion of the option holder's vested outstanding options for a period of one year following the option holder's death.

The Option Plan provides that other terms and conditions may be attached to a particular stock option, such terms and conditions to be referred to in a schedule attached to the option certificate. Stock options granted to directors, senior officers, employees or consultants vest when granted unless otherwise determined by the Board on a case by case basis. Stock options granted to consultants performing Investor Relations Activities, will vest in stages over 12 months with no more than  $\frac{1}{4}$  of the options vesting in any three-month period.

In addition, under the Option Plan a stock option will expire immediately in the event a director or senior officer ceases to be a director or senior officer of the Company as a result of: (a) ceasing to meet the qualifications under the Act; (b) the passing of a special resolution by the shareholders; or (c) an order made by a regulatory authority.

A stock option will also expire immediately in the event an employee ceases to be an employee as a result of termination for cause or an employee or consultant ceases to be an employee or consultant as a result of an order made by a regulatory authority.

The price at which an option holder may purchase a common share upon the exercise of a stock option will be as set forth in the option certificate issued in respect of such option and in any event will not be less than the discounted market price of the Company's common shares as of the date of the grant of the stock option (the "**Award Date**"). The market price of the Company's common shares for a particular Award Date will typically be the closing trading price of the Company's common shares on the day immediately preceding the Award Date, or otherwise in accordance with the terms of the Option Plan. Discounted market price means the market price less a discount of up to 25% if the market price is \$0.50 or less; up to 20% if the market price is between \$2.00 and \$0.51; and up to 15% if the market price is greater than \$2.00.

In no case will a stock option be exercisable at a price less than the minimum prescribed by the organized trading facility or the applicable regulatory authorities that would apply to the award of the stock option in question.

The Option Plan also provides that: (a) disinterested shareholder approval will be obtained for any reduction in the exercise price of an option held by an insider of the Company; and (b) options cannot be granted to employees, consultants or management company employees that are not bona fide employees, consultants or management company employees, as the case may be.

Common shares will not be issued pursuant to stock options granted under the Option Plan until they have been fully paid for by the option holder.

Shareholders may request a copy of the Option Plan by contacting the Company at the address or telephone number listed on the Notice of Meeting until the date of the Meeting and at the Meeting itself.

### ***Shareholder Approval***

The Option Plan complies with the current policies of the Exchange. The Option Plan is subject to Exchange acceptance. In order to obtain Exchange acceptance, the Exchange requires that Option Plan be approved by shareholders.

Accordingly, shareholders will be asked to consider and, if thought fit, pass the following ordinary resolution:

“RESOLVED, as an ordinary resolution, THAT:

1. the Company’s stock option plan adopted December 21, 2018 (the “**Option Plan**”) be and is hereby ratified, confirmed, authorized and approved;
2. the reservation under the Option Plan of up to a maximum of 10% of the issued shares of the Company, on a rolling basis, as at the time of granting of the stock option pursuant to the Option Plan be and the same is hereby authorized and approved;
3. such amendments to the Option Plan are authorized to be made from time to time 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 Option Plan, the shareholders; and
4. any one director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents, agreements and instruments, and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the doing of any such act or thing.”

THE BOARD UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE IN FAVOUR OF RATIFYING AND APPROVING THE OPTION PLAN. UNLESS THE SHAREHOLDER DIRECTS THAT HIS OR HER SHARES BE OTHERWISE VOTED OR WITHHELD FROM VOTING IN CONNECTION WITH THE APPROVAL OF THE OPTION PLAN, THE PERSONS NAMED IN THE ENCLOSED PROXY WILL VOTE FOR THE APPROVAL OF THE ABOVE RESOLUTIONS.

### **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 three 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 March 31, 2019, financial year end; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity as at March 31, 2019.

**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 to each Named Executive Officer and director of the Company during the Company's the financial years ended March 31, 2017, 2018 and 2019.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and Position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission<sup>(1)</sup></b> <b>(\$)</b>	<b>Bonus</b> <b>(\$)</b>	<b>Committee or meeting fees<sup>(2)</sup></b> <b>(\$)</b>	<b>Value of perquisites<sup>(3)</sup></b> <b>(\$)</b>	<b>Value of all other compensation</b> <b>(\$)</b>	<b>Total compensation</b> <b>(\$)</b>
<b>Michael Schuss</b> CEO, President and Director	2019	42,000	N/A	42,00	N/A	N/A	42,000
	2018	20,700	N/A	N/A	N/A	48,840	69,540
	2017	90,000	N/A	N/A	N/A	N/A	90,000
<b>Geoff Balderson</b> CFO and Director <sup>(4)</sup>	2019	36,000	N/A	N/A	N/A	N/A	36,000
	2018	18,000	N/A	N/A	N/A	41,800	59,800
	2017	N/A	N/A	N/A	N/A	N/A	N/A
<b>Casey Forward</b> Former CFO and Director <sup>(5)</sup>	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	4,500	N/A	N/A	N/A	N/A	4,500
	2017	42,000	N/A	N/A	N/A	N/A	42,000
<b>Michael Burns</b> Director	2019	8,500	N/A	N/A	N/A	N/A	8,500
	2018	N/A	N/A	N/A	N/A	33,000	33,000
	2017	9,524	N/A	N/A	N/A	N/A	9,524
<b>Rafael Vaudrin,</b> Director	2019	14,663	N/A	N/A	N/A	N/A	14,663
	2018	5,900	N/A	N/A	N/A	33,000	38,900
	2017	1,200	N/A	N/A	N/A	N/A	1,200

- (1) Paid or accrued salaries and/or consulting fees.
- (2) There is no standard meeting fee or committee fee for attendance at Board meetings or for service on committees.
- (3) The value of perquisites and benefits, if any, was less than \$15,000.
- (4) Mr. Balderson was elected on October 26, 2017.
- (5) Mr. Forward resigned on October 26, 2017.

**STOCK OPTIONS AND OTHER COMPENSATION SECURITIES -**

There were no stock options granted during the year ended March 31, 2019.

**STOCK OPTIONS PLANS AND OTHER INCENTIVE PLANS**

The Company has in place a stock option plan the details of which are disclosed above. See Part 3 “Particulars of Matters to be Acted Upon – Annual Ratification of Stock Option Plan” above. The Company does not have any other incentive plan in place.

**EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS**

None of the Named Executive Officers or directors of the Company entered into any employment, consulting or management agreements with the Company during the financial year ended March 31, 2019, nor were any outstanding as of that date. The Named Executive Officers who received compensation did so under verbal agreements with the Company.

## OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The Board determines director compensation from time to time.

The Board determines executive compensation from time to time. The Company does not have a formal compensation policy. The main objectives the Company hopes to achieve through its compensation are to attract and retain executives critical to the Company's success, who will be key in helping the Company achieve its corporate objectives and increase shareholder value. The Company looks at industry standards and the economic position of the Company when compensating its executive officers.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the end of the financial year ended March 31, 2019.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(1)</sup> (c)</b>
Equity compensation plans approved by securityholders (Option Plan)	922,000	\$0.38	1,668,501
Equity compensation plans not approved by securityholders	None	N/A	N/A
<b>Total</b>	<b>922,000</b>	<b>\$0.38</b>	<b>1,668,501</b>

(1) This figure is based on the total number of shares authorized for issuance under the Option Plan, less the number of stock options outstanding as at the Company's year ended March 31, 2019.

## AUDIT COMMITTEE

The Company is including the disclosure required by Form 52-110F2 of National Instrument 52-110 *Audit Committees* ("NI 52-110") under this heading. The Company is a "venture issuer" under NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110.

### Audit Committee Charter

The Charter of the Company's audit committee is included as Schedule "A" to this Information Circular.

### Composition of the Audit Committee

The Audit Committee is currently composed of the following three directors: Michael Schuss, Michael Burns and Rafael Vaudrin. Michael Schuss is an executive officer of the Company and not considered to be independent. Michael Burns and Rafael Vaudrin are not executive officers nor employees of the Company. All three members are financially literate.

### Relevant Education and Experience

All the members of the Audit Committee are financially literate, in that they have the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto. Additionally, all of the members of the Audit Committee have accounting or related financial experience and are able to analyze and interpret a full set of financial statements, with the level of complexity of a mineral resource issuer such as the Company, including the notes attached thereto, in accordance with International Financial Reporting Standards. The following table sets out each committee member's relevant experience:

Michael Schuss	Mr. Schuss has been involved in the public company sector for over 35 years and has served as a director and/or senior officer of public companies since 1987
Michael Burns	Mr. Burns is the President and founding partner of Pioneer Exploration Consultants Ltd. He is also President and CEO of Star Minerals Group Ltd. He earned a Bachelor of Sciences in Earth Science with honours and distinction from the University of Victoria and is currently on track to complete his MSc. in Economic Geology at Laurentian University, Sudbury, Ontario. Mr. Burns has been actively involved in the exploration industry since 2007 as a founding partner of the consulting firms Mackevoy Geosciences Ltd., and Pioneer Exploration Consultants Ltd. He has managed multiple successful grassroots exploration programs throughout the Yukon Territory and British Columbia. Mr. Burns has also been central to structuring and completing multiple exploration property acquisition deals between both private and public companies.
Rafael Vaudrin	Mr. Vaudrin is a consultant geologist and has been working in his field in Canada since October, 2016. Mr. Vaudrin has a Master of Science degree in Geosciences from the University of Tübingen, Germany, where he specialized in Exploration, Mineralogy, and Structural Geology.

The Company is relying on the exemption provided by section 6.1 of NI 52-110 by virtue that it is a venture issuer. Section 6.1 exempts the Company from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

#### **External Auditor Service Fees by Category**

See above under the heading “Particulars of Matters to be Acted Upon – Appointment and Remuneration of Auditor” for the disclosure required by this item of Form 52-110F2.

### **CORPORATE GOVERNANCE**

*National Instrument 58-101 – Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers to disclose their governance practices in accordance with NI 58-101. The Company is a “venture issuer” within the meaning of NI 58-101. A discussion of the Company’s governance practices in accordance with Form 58-101F2 of NI 58-101 is set out below.

#### **Board of Directors**

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship that could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Michael Schuss and Geoff Balderson are executive officers of the Company and are therefore not considered to be “independent”. Rafael Vaudrin and Michael Burns are considered independent under NI 58-101.

The Board facilitates its exercise of independent supervision over management by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board believes that fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director’s participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that each director exercises independent judgment in carrying out his responsibilities and acting in the best interests of the Company.

## **Directorship**

Certain of the directors of the Company are also directors and/or officers of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

<b>Name of Director</b>	<b>Names of Other Reporting Issuers</b>	
Michael Burns	Global UAV Technologies	
Geoff Balderson	Argentum Silver Corp. Goldeneye Resources Corp. Canadian Energy Materials Inc. Vangold Mining Corp. Rewardstream Solutions Inc. Schwabo Capital Corp.	Dynamo Capital Corp. Trackloop Analytics Corp. Four Nines Gold Inc. Spectre Capital Corp. Shooting Star Acquisition Corp.
Michael Schuss	n/a	
Rafael Vaudrin	n/a	

## **Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. Individual directors are responsible for maintaining their own education, skills and knowledge at an appropriate level. Board members are encouraged to attend educational courses or presentations in relation to the Company's projects or the industry within which the Company operates.

## **Ethical Business Conduct**

The Board 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 will review different standards that may be appropriate for the Company to adopt if warranted.

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, show 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 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 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 unnecessary 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.

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

During the last completed financial year, no director, executive officer, or nominee for director of the Company or any of their associates has been indebted to the Company or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

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

Except as disclosed herein, since the commencement of the last completed financial year, no "informed person", had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. "Informed Person" means: (a) a director or executive officer of the Company; (b) a director or officer of a person or company that is itself an informed person or subsidiary of the Company; or (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company.

## **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and executive officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

## **OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the Proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's financial statements and Management's Discussion and Analysis for the most recently completed financial year.

The Company will provide to any securityholder upon request, copies of the Company's financial statements and Management's Discussion & Analysis for the most recently completed financial year. Please direct your request to the Company at Suite 1000, 409 Granville Street, Vancouver, BC, V6C 1T2 to request the Company's Financial Statements and Management's Discussion & Analysis.

**ON BEHALF OF THE BOARD**

*"Michael Schuss"*

President and Chief Executive Officer

## SCHEDULE “A”

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF CANADIAN ENERGY MATERIALS CORP. (the “Company”)

#### Article 1 – Mandate and Responsibilities

The Audit Committee is appointed by the board of directors of the Company (the “**Board**”) to oversee the accounting and financial reporting process of the Company and audits of the financial statements of the Company. The Audit Committee’s primary duties and responsibilities are to:

- (a) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) recommend to the Board the compensation of the external auditor;
- (c) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (d) pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company’s external auditor;
- (e) review the Company’s financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;
- (f) be satisfied that adequate procedures are in place for the review of all other public disclosure of financial information extracted or derived from the Company’s financial statements, and to periodically assess the adequacy of those procedures;
- (g) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- (h) review and approve the Company’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

The Board and management will ensure that the Audit Committee has adequate funding to fulfil its duties and responsibilities.

The Company is relying on the exemption provided by section 6.1 of NI 52-110 by it is a venture issuer. Section 6.1 exempts the Company from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.