



**INFORMATION CIRCULAR  
FOR THE 2020 ANNUAL GENERAL & SPECIAL MEETING**

This information is given as of **September 17, 2020**, unless otherwise noted.

**To ensure the safety of our shareholders and other stakeholders entitled to attend the Meeting amidst the ongoing COVID-19 pandemic, the Company is conducting a Meeting via teleconference. Registered shareholders and validly appointed proxyholders may attend the Meeting by calling the following toll-free number: 1-888-390-0598. All callers will be prompted to enter the following passcode upon entering the teleconference: 5572372.**

**SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of **CYPRESS DEVELOPMENT CORP.** (the "**Company**") for use at the Annual General and Special Meeting (the "**Meeting**") of the shareholders of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name, address, and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

**PERSONS OR COMPANIES MAKING THE SOLICITATION**

**The enclosed instrument of proxy is solicited by management.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the instrument of proxy. None of the directors of the Company (the "**Board**" or the "**Directors**") have advised management in writing that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying instrument of proxy are directors or officers of the Company. **A shareholder has the right to appoint a person to attend and act for him or her on his or her behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, a shareholder shall strike out the names of the persons named in the instrument of proxy and insert the name of his nominee in the blank space provided, or complete another instrument of proxy.**

**The completed instrument of proxy must be dated and signed and the duly completed instrument of proxy must be deposited at the Company's transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 at least 48 hours (Vancouver**

**Time) before the time of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays, which is on or before 10:00 am Pacific Standard Time on October 12, 2020.**

The instrument of proxy must be signed by the shareholder or by his duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof. If the shareholder is a corporation, the instrument of proxy must be signed by a duly authorized attorney, officer, or corporate representative, and must be accompanied by the original power of attorney or document whereby the duly authorized officer or corporate representative derives his power, as the case may be, or a notarially certified copy thereof. The Chairman of the Meeting has discretionary authority to accept proxies which do not strictly conform to the foregoing requirements.

**In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, (b) signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and depositing it at the place and within the time aforesaid or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked.**

### **VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

On any poll, the persons named in the enclosed instrument of proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.

**In the absence of any direction in the instrument of proxy, it is intended that such shares will be voted in favour of the resolutions placed before the Meeting by management and for the election of the management nominees for directors and auditor, as stated under the headings in this Information Circular.** The instrument of proxy enclosed, when properly completed and deposited, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may be properly brought before the Meeting. At the time of printing of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any such amendments, variations or other matters should properly come before the Meeting, the proxies hereby solicited will be voted thereon in accordance with the best judgement of the nominee.

#### **Registered Shareholders**

As stated above, registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting via teleconference. Registered shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed Proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9; or
- (b) using a touch-tone phone to transmit voting choices to the toll-free number given in the enclosed Proxy. Registered shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll-free number, the holder's account number and the proxy access number;
- (c) using the internet at Computershare's website, [www.computershare.com/ca/proxy](http://www.computershare.com/ca/proxy). Registered shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy for the holder's account number and the proxy access number,

in all cases ensuring that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof at which the Proxy is to be used.

## Non-Registered Shareholders

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most of the Company's shareholders are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the name of a nominee (a "**Nominee**") such as: (a) a brokerage firm through which they purchased the shares; (b) a bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan; or (c) a clearing agency such as The Canadian Depository for Securities Limited (a "**Nominee**"). If you purchased your shares through a broker, you are likely a NON-registered holder. Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as non-objecting beneficial owners or "**NOBOs**". Those non-registered holders who have objected to disclosing ownership information about themselves to the Company are referred to as objecting beneficial owners or "**OBOs**".

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting Materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting Materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

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 used instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered shareholder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIFs, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

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

In either case, the purpose of this procedure is to permit non-registered shareholders to direct the voting of the shares which they beneficially own. If a non-registered holder who receives a VIF wishes to attend the Meeting or have someone else attend on his, her or its behalf, the non-registered shareholder may appoint a legal proxy as set forth in the VIF, which will give the non-registered shareholder or his, her or its nominee the right to attend and vote at the Meeting. Non-registered shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

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

## Notice to Shareholders in the United States

The solicitation of proxies in this Information Circular involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and the securities laws of certain provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of

Canada. Shareholders should be aware that disclosure requirements under the securities laws of the applicable provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the Business Corporations Act (British Columbia), as amended (the "BCBCA"), the majority of its directors and executive officers are residents of Canada and a substantial portion of the assets of such persons are located outside of the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

### **Record Date**

Only shareholders of record at the close of business on the **September 9, 2020**, who either personally attend the Meeting by teleconference or who complete and deliver the Proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

### **Voting Securities**

On **September 9, 2020**, there were **94,746,450** common shares without par value issued and outstanding, each share carrying the right to one vote. At a general meeting of the Company, every shareholder shall have one vote and, on a poll, every shareholder shall have one vote for each share of which he or she is the holder.

### **Principal Holders**

To the knowledge of the Directors and executive officers of the Company, there are no shareholders who beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

### **Votes Necessary to Pass Resolutions at the Meeting**

Under the Company's Articles, the quorum for the transaction of business at the Meeting consists of one person present in person or by proxy. Under the Business Corporations Act (British Columbia) and the Company's Articles, a simple majority of the votes cast at the Meeting (by teleconference or by proxy) is required in order to pass the resolutions referred to in the accompanying Notice of Meeting.

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

Other than as disclosed below and elsewhere in this Information Circular, none of the Directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed fiscal year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

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

For the purposes of this Information Circular, "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% 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 own securities, for so long as it holds any of its securities.

The Company was a party to the following material transactions with informed persons:

- (a) certain of the Directors and executive officers of the Company may be paid pursuant to written management agreements or consulting agreements, or receive Directors' fees or wages. See sub-heading "Employment, Consulting and Management Agreements or Arrangements" under the heading "Statement of Executive Compensation – Venture Issuer"; and
- (b) Directors and officers of the Company have been granted stock options under the Company's Stock Option Plan and all Directors and officers will be eligible to be granted stock options under the Stock Option Plan in the future. See sub-heading "Approval of Stock Option Plan" under the heading "Particulars of Matters to be Acted Upon".

Other than as disclosed above and elsewhere in this Information Circular, no informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed fiscal year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

#### STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER

The following disclosure is made pursuant to Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* published by the Canadian Securities Administrators.

For the purpose of this disclosure:

**"CEO"** means chief executive officer;

**"CFO"** means chief financial officer;

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

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

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

- (a) each individual who, in respect of the Company, during any part of the most recently completed fiscal year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Company, during any part of the most recently completed fiscal year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed fiscal year whose total compensation was more than \$150,000;

- (d) *each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that fiscal year;*

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

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

For the purposes of the following disclosure, the Company’s NEOs are: William W. Willoughby, CEO, and James G. Pettit, CFO.

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

Following are particulars of all compensation paid or payable to the Company’s NEOs and non-NEO directors for each of the two most recently completed fiscal years ended December 31:

Table of Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fees, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of Perquisites	Value of all Other Compensation	Total Compensation
William W. Willoughby <sup>(1)</sup> CEO and Director	2019	\$99,326.60	Nil	Nil	Nil	Nil	\$99,326.60
	2018	\$69,558.10	Nil	Nil	Nil	Nil	\$69,558.10
James G. Pettit <sup>(2)</sup> CFO and Director	2019	\$6,000	Nil	Nil	Nil	Nil	\$6,000
	2018	\$6,000	Nil	Nil	Nil	Nil	\$6,000
Donald C. Huston <sup>(3)</sup> Chairman, President and Director	2019	\$60,000	Nil	Nil	Nil	Nil	\$60,000
	2018	\$60,000	Nil	Nil	Nil	Nil	\$60,000
Donald G. Myers <sup>(4)</sup> Director	2019	\$48,000	Nil	Nil	Nil	Nil	\$48,000
	2018	\$48,000	Nil	Nil	Nil	Nil	\$48,000
Amanda B. Chow <sup>(5)</sup> Director	2019	\$12,000	Nil	Nil	Nil	Nil	\$12,000
	2018	\$12,000	Nil	Nil	Nil	Nil	\$12,000

- (1) *The Company pays consulting fees to Willoughby & Associates, PLLC, a company controlled by Mr. Willoughby, pursuant to an agreement dated January 1, 2018, as amended on July 2, 2019 and July 23, 2020. For details, see “Employment, Consulting and Management Agreements or Arrangements”.*
- (2) *Mr. Pettit provides consulting services to the Company pursuant to an agreement dated July 1, 2016, as amended on July 23, 2020. For details, see “Employment, Consulting and Management Agreements or Arrangements”.*
- (3) *Mr. Huston provides consulting services to the Company pursuant to an agreement dated July 1 2016, as amended March 1, 2017. For details, see “Employment, Consulting and Management Agreements or Arrangements”.*
- (4) *Mr. Myers provides consulting services to the Company pursuant to an agreement dated July 1, 2016, as amended March 1, 2017. For details, see “Employment, Consulting and Management Agreements or Arrangements”.*
- (5) *Ms. Chow provides consulting services to the Company pursuant to an agreement dated July 1, 2016, as amended August 1, 2017 and July 23, 2020. For details, see “Employment, Consulting and Management Agreements or Arrangements”.*

### Stock Options and Other Compensation Securities

The following compensation securities were granted, issued or issuable to the Directors and NEOs by the Company in the most recently completed fiscal year ended December 31, 2019, for services provided or to be provided, directly or indirectly, to the Company.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry date
William W. Willoughby <i>CEO and Director</i>	Options	200,000	13Aug2019	\$0.18	\$0.175	\$0.185	13Aug2024
	Common Shares	74,410	30Jan2019 <sup>(1)</sup>	\$0.165	\$0.215	\$0.185	N/A
	Common Shares	85,905	04Apr2019	\$0.14	\$0.215	\$0.185	N/A
James G. Pettit <i>CFO and Director</i>	Options	100,000	13Aug2019	\$0.18	\$0.175	\$0.185	13Aug2024
Donald C. Huston <i>Chairman, President and Director</i>	Options	180,000	13Aug2019	\$0.18	\$0.175	\$0.185	13Aug2024
Donald G. Myers <i>Director</i>	Options	125,000	13Aug2019	\$0.18	\$0.175	\$0.185	13Aug2024
Amanda B. Chow <i>Director</i>	Options	100,000	13Aug2019	\$0.18	\$0.175	\$0.185	13Aug2024

(1) The common shares were issued on January 30, 2019 for services rendered from October 1, 2018 to December 31, 2018.

### Exercise of Stock Options

The following table sets out all compensation securities exercised by each Director and NEO of the Company during the fiscal year ended December 31, 2019.

Exercise of Compensation Securities by Directors and NEOs							
Name and Position	Type of Compensation Security	Number of Underlying Securities Exercised	Exercise Price per Security	Date of Exercise	Closing Price per Security on Date of Exercise	Difference Between Exercise Price and Closing Price on Date of Exercise	Total Value on Exercise Date
William W. Willoughby <i>CEO and Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James G. Pettit <i>CFO and Director</i>	Options	130,000	\$0.08	31Jan2019	\$0.22	\$0.14	\$18,200
Donald C. Huston <i>Chairman, President and Director</i>	Options	130,000	\$0.08	29Jan2019	\$0.22	\$0.14	\$18,200
Donald G. Myers <i>Director</i>	Options	120,000	\$0.08	29Jan2019	\$0.22	\$0.14	\$16,800
Amanda B. Chow <i>Director</i>	Options	70,000	\$0.08	29Jan2019	\$0.22	\$0.14	\$9,800

## External Management Companies

The Company has not engaged the services of an external management company to provide executive management services to the Company, directly or indirectly. However, the Company operates from the premises of Sentinel Market Services Ltd. ("**Sentinel**"), a private company controlled by James Pettit, CFO and a Director of the Company, that provides office and administration services to the Company and various other public companies. Sentinel incurs expenses, which are reimbursed by the Company. These expenses included office space, equipment rental, administrative wages and other ancillary expenses. None of these expenses were paid directly or indirectly to Mr. Pettit.

## Stock Option Plans and Other Incentive Plans

For information about the material terms of the Company's Stock Option Plan, please refer to the heading below "Particulars of Matters to be Acted Upon". Other than as disclosed below, there are no stock option agreements made outside of the Company's Stock Option Plan, nor are there any plans providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards have been granted by the Company.

## Employment, Consulting and Management Agreements or Arrangements

Other than as described below, the Company has not entered into any agreement or arrangement under which compensation was provided during the most recently completed fiscal year ended December 31, 2019 or is payable in respect of services provided to the Company or any of its subsidiaries that were: (a) performed by a Director or NEO, or (b) performed by any other party but are services typically provided by a director or a NEO.

*William W. Willoughby, CEO and a Director*

Mr. Willoughby was appointed CEO and a Director of the Company on September 12, 2017. From that time until December 31, 2017, Willoughby & Associates, PLLC ("**W&A**"), a professional limited liability company controlled by Mr. Willoughby, invoiced the Company from time to time for consulting services. Thereafter, the Company and W&A entered into an agreement dated January 1, 2018, by which W&A provides executive management consulting services and geotechnical consulting services to the Company in consideration of consulting fees payable in equal monthly installments. This agreement was further amended on July 2, 2019 and July 23, 2020. For actual amounts paid directly to W&A, see "Table of Compensation Excluding Compensation Securities".

The agreement with W&A provides for termination:

- (a) by W&A, at any time, for any reason, on the giving of three months written notice to the Company (the Company may waive notice, in whole or in part and if it does so, W&A's entitlement to remuneration and benefits pursuant to the agreement will cease on the date it waives such notice);
- (b) by the Company in its absolute discretion without notice, or pay in lieu thereof, for cause, and for the purpose of the agreement, cause includes:
  - (i) any material breach of the provisions of the agreement and W&A's failure to cure such breach within thirty (30) days after written notice from the Company, specifying the nature of the breach (except for the items set forth in subsections (ii), (iii) and (iv) set forth below which, for the purposes of the agreement are deemed breaches which cannot be cured;
  - (ii) any conduct of W&A which in the opinion of the Company, tends to bring himself or the Company into disrepute;
  - (iii) the commission of an act of bankruptcy by W&A or compounding with its creditors generally; and
  - (iv) conviction of W&A of a criminal offence punishable by indictment, where the cause is not prohibited by law;

and failure by the Company to rely on the foregoing provisions in any given instance or instances, shall not constitute a precedent or be deemed a waiver;

- (c) by the Company, in its absolute discretion, for any reason on giving W&A 12 months' notice or paying the equivalent termination pay in lieu of notice, which pay shall be not be less than US \$100,000; or
- (d) by W&A on giving thirty (30) days' written notice of termination to the Company at any time within the six (6) month period following the acquisition of common shares or other voting securities of the Company ("**Voting Securities**") such that the person or persons come to hold, of record or beneficially, at least thirty-five cent (35%) of the Voting Securities and act in concert with respect to voting such Voting Securities. In the event of receipt of such notice, the Company shall pay to W&A on the last day of its engagement the sum equivalent to thirty-six (36) months of Fees, being US \$252,000. The Company has agreed to make reasonable efforts to structure such payment in a manner designed to minimize the tax consequences for W&A. On receipt of this payment, W&A shall have no further claims against the Company.

*James G. Pettit, CFO and a Director*

By an agreement dated July 1, 2016, as amended on July 23, 2020, Mr. Pettit provides consulting services to the Company and, in particular, his services as its Chief Financial Officer, in consideration of consulting fees payable in equal monthly installments. For actual amounts paid to Mr. Pettit, see "Table of Compensation Excluding Compensation Securities".

The agreement with Mr. Pettit provides for termination:

- (a) by the consultant on 90 days' notice to the Company;
- (b) by the Company: (i) in its discretion, without any notice or payment in lieu thereof, for cause; (ii) for any material breach by the consultant of the provisions of the agreement and the consultant failure to cure such breach within 30 days after notice from the Company; (iii) for any conduct by the consultant which in the opinion of the Company tends to bring the consultant or the Company into disrepute; (iv) for the commission of an act of bankruptcy by the consultant; and (v) for a conviction of the consultant of a criminal offence; or
- (c) by the Company at any time at its sole discretion upon 90 days' notice or payment of fees in lieu thereof.

On a change of control of the Company (as defined in the agreement) and within 6 months of such change, Mr. Pettit may give 30 days' notice of termination to the Company and the Company shall on the termination date pay him the equivalent sum of the higher of: a) thirty-six (36) months annual salary less the statutory deductions required by law or b) \$180,000.

*Donald C. Huston, Chairman, President and a Director*

By an agreement dated July 1, 2016 and amended March 1, 2017, Mr. Huston provides consulting services to the Company and, in particular, his services as President and Chairman, in consideration of consulting fees payable in equal monthly installments. For actual amounts paid to Mr. Huston, see "Table of Compensation Excluding Compensation Securities".

The agreement with Mr. Huston provides for termination:

- (a) by the consultant on 90 days' notice to the Company;
- (b) by the Company: (i) in its discretion, without any notice or payment in lieu thereof, for cause; (ii) for any material breach by the consultant of the provisions of the agreement and the consultant failure to cure such breach within 30 days after notice from the Company; (iii) for any conduct by the consultant which in the opinion of the Company tends to bring the consultant or the Company into disrepute; (iv) for the commission of an act of bankruptcy by the consultant; and (v) for a conviction of the consultant of a criminal offence; or

(c) by the Company at any time at its sole discretion upon 90 days' notice or payment of fees in lieu thereof.

On a change of control of the Company (as defined in the agreement) and within 6 months of such change, Mr. Huston may give 30 days' notice of termination to the Company and the Company shall on the termination date pay him 36 months' equivalent salary.

*Donald G. Myers, Director*

By an agreement dated July 1, 2016 and amended March 1, 2017, Mr. Myers provides consulting services to the Company in consideration of consulting fees payable in equal monthly installments. For actual amounts paid to Mr. Myers, see "Table of Compensation Excluding Compensation Securities".

The agreement with Mr. Myers provides for termination and change of control upon the same terms as the foregoing agreement with Mr. Huston.

*Amanda B. Chow, Director*

By an agreement dated July 1, 2016, as amended August 1, 2017 and July 23, 2020, Ms. Chow provides consulting services to the Company in consideration of consulting fees payable in equal monthly installments during the term of the agreement. For actual amounts paid to Ms. Chow, see "Table of Compensation Excluding Compensation Securities".

The agreement with Ms. Chow provides for termination:

- (a) by the consultant on 30 days' notice to the Company;
- (b) by the Company: (i) in its discretion, without any notice or payment in lieu thereof, for cause; (ii) for any material breach by the consultant of the provisions of the agreement and the consultant's failure to cure such breach within 30 days after notice from the Company; (iii) for any conduct by the consultant which in the opinion of the Company tends to bring the consultant or the Company into disrepute; (iv) for the commission of an act of bankruptcy by the consultant; and (v) for a conviction of the consultant of a criminal offence; or
- (c) by the Company at any time at its sole discretion upon 30 days' notice or payment of fees in lieu thereof.

On a change of control of the Company (as defined in the agreement) and within 6 months of such change, Ms. Chow may give 30 days' notice of termination to the Company and the Company shall on the termination date pay her 36 months' equivalent salary.

#### Incremental Payments on Change of Control or Termination

For each of the foregoing agreements, the following table summarizes the estimated incremental payments that are triggered by, or result from, change of control, severance, termination or constructive dismissal (assuming such events had occurred on or before December 31, 2019):

Consultant (NEO or Director)	Payout for Termination without Cause	Payout for Change of Control
Willoughby & Associates LLC (controlled by William W. Willoughby, CEO and a Director)	US \$100,000	US \$168,000 <sup>(1)</sup>
James G. Pettit, CFO and a Director	\$1,500	\$18,000 <sup>(1)</sup>
Donald C. Huston, Chairman, President and a Director	\$15,000	\$180,000 <sup>(1)</sup>
Donald G. Myers, Director	\$12,000	\$144,000 <sup>(1)</sup>
Amanda B. Chow, Director	\$1,000	Nil

(1) Payable in the event of termination within six months of a change of control.

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

The Company's Compensation Committee is comprised of two Directors: Donald Myers and Amanda Chow. The compensation of Directors and NEOs is reviewed and approved periodically by the Compensation Committee. In setting compensation levels, the Compensation Committee relies primarily on the experience, skills and education of its members.

The Company's compensation practices are designed to attract, motivate and retain highly qualified consultants to manage the business of the Company by rewarding individual and corporate performance and aligning the interests of the Directors and NEOs with the Company's shareholders. Compensation is designed to achieve both current and long term goals of the Company and to maximize returns to shareholders. Accordingly, a significant portion of executive compensation is tied to achieving the Company's goals. Compensation decisions are intended to be transparent, and the Company's practices are intended to be simple in design and competitive within the mineral exploration industry. Any compensation paid to the Directors and NEOs is dependent upon the Company's finances as well as the performance of each of the Directors and NEOs.

At present, the Board does not evaluate the implications of the risks associated with the Company's current compensation policies and practices, as the Company is still a venture issuer developing its business.

### Pension Disclosure

The Company does not provide any pension, retirement plan or other remuneration for its Directors or officers that constitutes an expense to the Company.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information on the Company's equity compensation plans under which common shares are authorized for issuance as of **December 31, 2019**.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by securityholders	8,004,000	\$0.17	1,003,700
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	8,004,000		1,003,700

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No executive officer, director, employee, former executive officer, former director, former employee, proposed nominee for election as a director, or associate of any such person has been indebted to the Company or its subsidiaries at any time since the commencement of the Company's last completed fiscal year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company or its subsidiaries at any time since the beginning of the most recently completed fiscal year with respect to any indebtedness of any such person.

## MANAGEMENT CONTRACTS

During the Company's most recently completed fiscal year ended December 31, 2019, there were no management functions of the Company, which were to any substantial degree performed by a person other than a director or senior officer of the Company.

## CORPORATE GOVERNANCE

The following disclosure is made pursuant to the Canadian Securities Administrators' National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") and Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)*.

### Board of Directors

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board. Donald G. Myers and Amanda B. Chow who, apart from receiving director's remuneration, do not have any other material relationship to the Company that would interfere with their ability to act in the best interests of the Company, are considered to be independent directors. William W. Willoughby is the CEO, James G. Pettit is the CFO and Donald C. Huston is the Chairman and President of the Company, and, therefore, they are not considered to be independent directors.

### Other Directorships

Certain directors of the Company currently serve as directors of other public companies. Some of the directors may be engaged in the search for additional business opportunities on behalf of other companies, and situations may arise where these directors may be serving another company with interests that could be in conflict with those of the Company. In the event of any conflicts of interest, such conflicts must be disclosed to the Company and dealt with in accordance with the provisions of the the *Business Corporations Act* (British Columbia). The following table sets out the directors of the Company that are currently directors of other reporting issuers:

Director/Proposed Director	Other Reporting Issuers
William W. Willoughby	Caliber Minerals Inc.
James G. Pettit	Aben Resources Ltd. Rockridge Resources Ltd. Skyharbour Resources Ltd. Surge Copper Corp. RevoluGROUP Canada Inc.
Donald C. Huston	Aben Resources Ltd. Rockridge Resources Ltd. Skyharbour Resources Ltd.
Amanda B. Chow	Aben Resources Ltd. Skyharbour Resources Ltd.
Donald G. Myers	N/A

### Orientation and Continuing Education

The Company does not provide a formal orientation and education program for new directors. However, any new directors will be given: (a) the opportunity to familiarize themselves with the Company, the current directors and members of management; (b) copies of recently publicly filed documents of the Company, technical reports and the Company's internal financial information; (c) access to technical experts and consultants; and (d) a summary of significant corporate and securities legislation.

Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments, and with changes in legislation, and are encouraged to attend related industry seminars in relation to the Company's operations. Board members have full access to the Company's records.

### Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual

director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

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.

### **Compensation**

The Compensation Committee is responsible for setting compensation paid to directors and executive officers and establishing and reviewing incentive plans for directors, officers and management. For further details, see "Oversight and Description of Director and Named Executive Officer Compensation".

### **Other Board Committees**

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

### **Assessments**

The effectiveness of the Board as a whole, any committee of the Board and individual directors is assessed on an ongoing basis by the Board and senior management.

### **Liability Insurance**

The Company has purchased, at its expense, directors' and officers' liability insurance for the protection of its directors and officers against liability incurred by them in their capacities as directors and officers of the Company and its subsidiaries.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

Pursuant to the *Business Corporations Act* (British Columbia) and the Canadian Securities Administrators' National Instrument 52-110 *Audit Committees* ("NI-110"), the Company is required to have an audit committee. A copy of the Company's audit committee charter is set out in Appendix A of this Information Circular.

### **Composition of the Audit Committee**

As at the date of this Information Circular, the following are the members of the Company's audit committee (the "Audit Committee"):

<b>Name</b>	<b>Independent</b>	<b>Financially Literate</b>
James G. Pettit (Chair)	No	Yes
Amanda B. Chow	Yes	Yes
Donald Myers	Yes	Yes

### **Relevant Education and Experience**

The Board has determined that the committee members have the appropriate level of financial understanding and industry specific knowledge to be able to perform the duties of the position. Furthermore, the Board has determined that each member of the Audit Committee is financially literate as defined in NI 52-110.

**James G. Pettit** is a director and an Audit Committee member. He has served as an officer of public companies for more than 25 years. Mr. Pettit currently serves on the board of Aben Resources Ltd., RevoluGROUP Canada Inc., Rockridge Resources Ltd., Skyharbour Resources Ltd. and Surge Copper Corp., all of which trade on the TSX Venture Exchange. Mr. Pettit has significant audit committee experience and has been involved in a variety of matters requiring financial literacy. He has also been directly involved in successful fund raising through equity financings and property acquisitions.

**Donald G. Myers** is an independent director and an Audit Committee member. He has over 30 years of experience in public company management and corporate communications working with companies listed on the TSX Venture Exchange, NASDAQ, and the Toronto Stock Exchange.

**Amanda B. Chow** is an independent director and an Audit Committee member. Ms. Chow also serves as an independent director and audit committee member of Skyharbour Resources Ltd and as a director of Aben Resources Ltd., both of which trade on the TSX Venture Exchange. Ms. Chow is a Chartered Professional Accountant (CPA, CMA) and a graduate of Simon Fraser University where she earned her Bachelor of Business Administration degree. Ms. Chow has an in-depth understanding of accounting principles. She has experience in evaluating financial statements with accounting issues at least comparable to the financial statements and the issues that can be reasonably be expected to be raised by the Company's financial statements.

As a result of their education and experience, each member of the Audit Committee has familiarity with, an understanding of, or experience in:

- (a) the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) reviewing 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; and
- (c) an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed fiscal year, the Company's Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

If and when required, the Company is relying upon the exemption in section 6.1 of NI 52-110, which exempts "venture issuers" from the requirements of Part 3 (Composition of Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board, and where applicable, the Audit Committee, on a case-by-case basis.

### **External Auditor Service Fees**

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included

in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees billed or billable by the Company's auditor in each of the last two fiscal years, by category, are as follows:

Fiscal Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2019	\$20,244	Nil	\$2,000 <sup>(1)</sup>	Nil
December 31, 2018	\$22,774.50	Nil	\$2,000 <sup>(1)</sup>	Nil

(1) Fees related the preparation of the Company's T-2 corporate income tax form.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Election of Directors

At the Meeting, shareholders will be asked to consider and, if thought appropriate, pass an ordinary resolution fixing the number of directors and electing directors for the ensuing year.

The shareholders of the Company last fixed the number of directors at five (5). The Company currently has five directors and, at the Meeting, shareholders will be asked to fix the number of directors at five and elect five directors.

Each Director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a Director before then. In the absence of instructions to the contrary, the shares represented by proxy will, on a poll, be voted for the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following sets out the name of each of the persons proposed to be nominated for election as a director; all positions and offices in the Company presently held by him/her; his/her principal occupation, business or employment the period during which he/she has served as a director; and the number of common shares that he/she has advised are beneficially owned, or controlled or directed, directly or indirectly, as at the date of this Information Circular.

Name, Place of Residence and Positions with the Company	Principal Occupation, Business or Employment	Director Since	Common Shares Beneficially Owned or Controlled
<b>WILLIAM W. WILLOUGHBY, Ph.D.</b> Idaho, USA <i>CEO and a Director</i>	CEO of the Company; Owner and Principal of Willoughby & Associates PLLC from October 2014 to date; President, COO and a director of Enexco International, Inc. from February 2007 to October 2014; CEO and a director of Caliber Minerals Inc. since Nov 2017	12Sep2017	1,620,580
<b>JAMES G. PETTIT<sup>(A)</sup></b> British Columbia, Canada <i>Chief Financial Officer and a Director</i>	Senior officer and a director of several TSXV-listed companies.	12Jun2000	234,600
<b>DONALD C. HUSTON</b> British Columbia, Canada <i>Chairman, President and a Director</i>	Senior officer and a director of several TSXV-listed companies.	08Jul1996	921,559
<b>DONALD G. MYERS<sup>(A)</sup></b> British Columbia, Canada <i>Director</i>	Corporate communications professional and a director of several TSXV-listed companies.	20Sep2005	2,296,000

Name, Place of Residence and Positions with the Company	Principal Occupation, Business or Employment	Director Since	Common Shares Beneficially Owned or Controlled
<b>AMANDA B. CHOW, CPA, CMA</b> <sup>(A)</sup> British Columbia, Canada <i>Director</i>	Chartered Professional Accountant and a director of several publicly listed companies.	03Oct2005	Nil

(A) Audit Committee member.

The terms of office for those nominees who are presently Directors will expire as of the date of the Meeting. All of the Directors who are elected at the Meeting will have their term of office expire at the next Annual General Meeting of the Company.

Pursuant to the Advance Notice Policy of the Company adopted by the directors on April 23, 2013, approved by the shareholders on May 29, 2014 and still in effect as at the date hereof, any additional director nominations for the Meeting must be received by the Company on or before **September 14, 2020**, being a date not less than 30 and no more than 65 days prior to the date of the Meeting.

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

No proposed director of the Company is, or within the 10 years before the date of this Information Circular has been, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more that 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

The above information was provided by management of the Company.

#### **Appointment of Auditor**

The shareholders will be asked to approve the re-appointment of Davidson & Company LLP, Chartered Professional Accountants, of 1200 – 609 Granville Street, Vancouver, British Columbia, as auditor of the Company for the ensuing year, at a remuneration to be fixed by the Company's Board.

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

At the Meeting, shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution approving the renewal of the Company's rolling stock option plan (the "**Option Plan**"). The Option Plan was initially approved by shareholders at the Company's Special and General Meeting held June 4, 2003, and has been approved for renewal at successive annual meetings thereafter. In accordance with Exchange policies, the Option Plan must receive ordinary shareholder approval on an annual basis.

The purpose of the Option Plan is to assist the Company in attracting, retaining and motivating directors, officers and employees of the Company and to closely align the personal interests of such directors, officers and employees with the interests of the Company and its shareholders. Options granted under the Option Plan are non-assignable and may be granted for a term not exceeding that permitted by the Exchange (currently ten years). A summary of the material aspects of the Option Plan are as follows:

- (a) the Option Plan will be administered by the Company's Board or, if the Board so designates, a Committee of the Board appointed in accordance with the Option Plan to administer the Option Plan;
- (b) the maximum number of shares in respect of which options may be outstanding under the Option Plan at any given time is equivalent to 10% of the issued and outstanding shares of the Company at that time, less the number of shares, if any, subject to Prior Options;
- (c) following termination of an optionee's employment, directorship, consulting agreement or other qualified position, the optionee's option shall terminate upon the expiry of such period of time following termination, not to exceed 90 days (30 days if the optionee is engaged in providing investor relations services), as has been determined by the Directors;
- (d) an option granted under the Option Plan will terminate one year following the death of the optionee. These provisions do not have the effect of extending the term of an option which would have expired earlier in accordance with its terms, and do not apply to any portion of an option which had not vested at the time of death or other termination;
- (e) as long as required by Exchange policy, no one individual may receive options on more than 5% of the issued and outstanding shares of the Company (the "Outstanding Shares") in any 12 month period, no one consultant may receive options on more than 2% of the Outstanding Shares in any 12 month period, and options granted to persons employed to provide investor relations services may not exceed, in the aggregate, 2% of the Outstanding Shares in any 12 month period;
- (f) options may not be granted at prices that are less than the Discounted Market Price as defined in Exchange policy which, subject to certain exceptions, generally means the most recent closing price of the Company's shares on the Exchange, less a discount of from 15% to 25%, depending on the trading value of the Company's shares;
- (g) any amendment of the terms of an option shall be subject to any required regulatory and shareholder approvals; and
- (h) in the event of a reorganization of the Company or the amalgamation, merger or consolidation of the shares of the Company, the Board shall make such appropriate provisions for the protection of the rights of the optionee as it may deem advisable.

A copy of the current Option Plan will be available for review at the meeting.

### **Approval, Ratification and Confirmation of New Shareholder Rights Plan**

On September 3, 2020, the Company announced that the Board of Directors had approved the adoption of a shareholder rights plan (the "Rights Plan"), the terms and conditions of which are set out in a Shareholders Rights Plan Agreement (the "Rights Agreement") between the Company and Computershare Investor Services (as Rights Agent), dated as of September 2, 2020. The Rights Plan is to be effective as of September 2, 2020 but is subject to approval by ordinary resolution by the shareholders of the Company at the Meeting, as required by the TSX Venture Exchange. Shareholders will be asked to consider and, if thought advisable, to approve, ratify and confirm the Rights Plan and all rights to purchase common shares (the "Rights") issued pursuant to the Rights Plan. The Rights Plan will have a term of approximately three years and will remain in effect until the close of the annual meeting of shareholders of the Company occurring in 2023, unless extended by the shareholders. The Rights Plan is similar to plans adopted by other Canadian public companies and approved by their shareholders.

### ***Directors' Recommendation***

The Board has determined that the Rights Plan is in the best interests of the Company and its shareholders and unanimously recommends that shareholders vote in favour of the Rights Plan.

**The persons named in the form of proxy, if named as proxy, intend to vote such proxy in favour of the resolution to approve the Rights Plan, unless a shareholder has specified in its proxy that its common shares are to be voted against the resolution. If no choice is specified by the shareholder to vote for or against the resolution referred to above, the persons whose names are printed in the enclosed form of proxy intend to vote in favour of the resolution.**

### ***Background and Purpose of the Rights Plan***

The Rights Plan is designed to encourage the fair treatment of shareholders in connection with any take-over bid for the Company. The Rights Plan will provide the Board and the shareholders with more time to fully consider any unsolicited take-over bid for the Company; it will allow the Board to pursue, if appropriate, other alternatives to maximize shareholder value and it will allow additional time for competing bids to emerge. Existing securities legislation in Canada requires a take-over bid to remain open for only thirty-five (35) days. The Board does not believe that this period is sufficient to permit the Board to determine whether there may be alternatives available to maximize shareholder value or whether other bidders may be prepared to pay more for the Company's shares than the Offeror. In addition, the Board is concerned that, while securities legislation has addressed many concerns of unequal treatment of shareholders, there remains the possibility that control or effective control may be acquired pursuant to a private agreement in which a small number of shareholders dispose of shares at a premium to market price which is not shared with the other shareholders. Also, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or fair sharing of any control premium among all shareholders. The Rights Plan addresses these concerns by applying to all acquisitions of 20% or more of the common shares of the Company.

Under the Rights Plan, a bidder making a Permitted Bid (as defined below) for the common shares may not take up any shares before the close of business on the sixtieth (60th) day after the date of the bid and unless at least 50% of the common shares not Beneficially Owned by the person making the bid and certain related parties are tendered or deposited and not withdrawn, in which case, a public announcement of that fact must be made and the bid must be extended for not less than ten (10) business days on the same terms. The Rights Plan will encourage an Offeror to proceed by way of a Permitted Bid, or to approach the Board with a view to negotiation by creating the potential for substantial dilution of the Offeror's position. The Permitted Bid provisions of the Rights Plan are designed to ensure that in any take-over bid, all shareholders are treated equally, receive the maximum available value for their investment and are given adequate time to properly assess the bid on a fully informed basis.

In recent years, unsolicited take-over bids have been made for the shares of a number of Canadian companies. Many of these companies had a shareholder rights plan in place which was used by the board of directors of the target company to gain time to seek alternatives to the bid with the objective of enhancing shareholder value. In most cases, a change of control ultimately occurred at a price in excess of the original bid price; accordingly, the existence of a shareholder rights plan should not and is not intended to prevent unsolicited take-over bids for the common shares of the Company.

Canadian securities regulators have concluded in recent decisions relating to shareholder rights plans that a target company's board of directors will not be permitted to maintain a shareholder rights plan solely to prevent a bid, but may do so if the board is actively seeking alternatives to a take-over bid, and if there is a real and substantial possibility that the board can increase shareholder choice and maximize shareholder value.

The Rights Plan is not being proposed in response to, or in anticipation of, any particular acquisition or take-over offer and is not intended to prevent a take-over of the Company, to secure continuance of current management or the directors in office or to deter fair offers. The Rights Plan does not inhibit any shareholder from using the proxy mechanism set out in the *Business Corporations Act* (British Columbia) to promote a change in the management or direction of the Company. The Rights Plan may, however, increase the price to be paid by a potential Offeror to obtain control of the Company and may discourage certain opportunistic and coercive offers that might not be in the best interests of all shareholders.

The Rights Plan does not affect in any way the financial condition of the Company. The initial issuance of the Rights is not dilutive and will not affect reported earnings or cash flow per share until the Rights separate from the underlying common shares and become exercisable. The adoption of the Rights Plan will not lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Company and its

shareholders. The issuance of Rights will not change the manner in which shareholders currently trade their common shares. Shareholders do not have to return their certificate(s) in order to have the benefit of the Rights.

### ***Terms of the Rights Plan***

The following is a summary of the terms of the Rights Plan. This summary is qualified in its entirety by the Rights Agreement. The full text of the Rights Plan will be available for review at the Meeting and is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Alternatively, a shareholder may view prior to the Meeting upon request made to the Company at: Cypress Development Corp., #1610 Dunsmuir Street, Vancouver, B.C. V7Y 1K4, Attention: Corporate Secretary; e-mail: [kpladson@sentinelmkt.com](mailto:kpladson@sentinelmkt.com).

To implement the Plan, one Right will be issued by the Company pursuant to the Rights Agreement in respect of each common share outstanding at 4:00 p.m. (Vancouver time) on September 2, 2020 (the "Record Time"). One Right also will be issued for each additional common share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time. Each Right will entitle the holder, from and after the Separation Time and prior to the Expiration Time, to purchase from the Company one common share at a price equal to one-half of the market price for the common shares of the Company, subject to certain anti-dilution adjustments. The Rights will not be exercisable until the Separation Time. Upon the occurrence of a Flip-in Event (as defined below), each Right held by a non-Acquiring Person will become exercisable and may be traded separately from the common shares.

The issuance of Rights will not change the manner in which shareholders currently trade their common shares. Shareholders do not have to return their share certificate(s) in order to have the benefit of the Rights.

Until the Separation Time, the Rights will trade together with the common shares, will be represented by the common share certificate, and will not be exercisable. After the Separation Time, the Rights will become exercisable, will be evidenced by Rights certificates, and will be transferable separately from the common shares.

The Separation Time is defined in the Rights Agreement as the close of business on the tenth (10th) Trading Day (or such later day as may be determined by the Board) after the earlier of:

- (a) the Stock Acquisition Date, which is the date of the first public announcement by the Company or an Acquiring Person indicating that an Acquiring Person has become such (defined in the Rights Agreement as a person who has acquired, other than pursuant to an exemption available under the Rights Plan or pursuant to a Permitted Bid, Beneficial Ownership of 20% or more of the outstanding Voting Shares of the Company);
- (b) the date of the commencement of, or first public announcement (provided such announcement is made after the Record Time) of an intention of any Person (other than the Company or any Subsidiary of the Company) to commence, a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid) to acquire Beneficial Ownership of 20% or more of the Voting Shares of the Company; and
- (c) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such.

A Permitted Bid is defined in the Rights Agreement as a Take-over Bid which is made by means of a Take-over Bid circular and which also complies with the following requirements:

- (a) the Take-over Bid is made to all registered holders of Voting Shares, other than the Person making the Take-over Bid;
- (b) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, an irrevocable and unqualified condition that no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date which is not less than sixty (60) days following the date the take-over bid circular is sent to the holders of Voting Shares, and only if at such date more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

- (c) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time specified in (b) above and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- (d) the Take-over Bid contains an irrevocable and unqualified provision that if, on the date on which Voting Shares may be taken up and paid for, more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than ten (10) business days from the date of such public announcement.

If an Offeror successfully completes a Permitted Bid, the Rights Plan provides that the Rights will be redeemed at \$0.00001 per Right.

A Permitted Bid, even if not approved by the Board, may be taken directly to the shareholders of the Company. Shareholder approval will not be required for a Permitted Bid. Instead shareholders of the Company will initially have sixty (60) days to tender or to deposit their shares. If more than 50% of the Voting Shares (other than shares Beneficially Owned by the Offeror) have been tendered or deposited and not withdrawn by the end of such sixty (60) day period, the Permitted Bid must be extended for a further period of ten (10) business days to allow initially disapproving shareholders to deposit their shares if they so choose.

If a potential Offeror does not wish to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a bid pursuant to a Take-over Bid circular on terms which the Board considers fair to all shareholders. In such circumstances, the Board may waive the application of the Rights Plan to the transaction, thereby allowing such bid to proceed without dilution of the Offeror, and will be deemed to have waived the application of the Rights Plan to all other contemporaneous bids made by Take-over Bid circular. All other waivers require shareholder approval except in the case of inadvertent triggering of the application of the Rights Plan.

Under the Rights Agreement, a Flip-in Event is any transaction pursuant to which any Person becomes an Acquiring Person. Except as set out below, upon the occurrence of any Flip-in Event, from and after the close of business on the tenth (10th) trading day following the Stock Acquisition Date:

- (a) any Rights Beneficially Owned by the Acquiring Person and Affiliates, Associates and Transferees of the Acquiring Person or any Person acting jointly or in concert with the Acquiring Person will become void; and
- (b) each Right (other than Rights which are void) will entitle the holder thereof to purchase that number of common shares having an aggregate market price on the date of consummation or occurrence of such Flip-in Event equal to twice the relevant Exercise Price.

Accordingly, a Flip-in Event that is not approved by the Board will result in significant dilution to an Acquiring Person. The Board may, with shareholder approval, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the outstanding Rights at a redemption price of \$0.00001 per Right.

The Company may, from time to time, supplement or amend the Rights Agreement to correct clerical or typographical errors or to maintain the validity of the Rights Agreement as a result of a change in law. All other amendments after the Meeting require shareholder approval.

### ***Canadian Federal Income Tax Consequences***

The Company will not include any amount in income for the purposes of the *Income Tax Act* (Canada) as a result of the issue of the Rights. A right to acquire additional shares of the Company granted to a common shareholder does not constitute a taxable benefit to the recipient that must be included in income or that is subject to non-resident withholding tax if all holders of common shares are granted such right. A Right was issued in respect of each common share outstanding at the Record Time. Therefore, holders of common shares should not have an income inclusion or liability for non-resident withholding tax upon the issuance of the Rights. In any event, the

Company considers that the Rights have a negligible monetary value because the Company is not aware of any acquisition or take-over bid which would give rise to a Flip-in Event.

Although a holder of a Right may have income or may be subject to non-resident withholding tax if the Rights become exercisable, are exercised or redeemed, the Company considers the likelihood of such an event occurring to be remote.

### **Shareholder Approval**

The Rights Plan and the issuance of the Rights thereunder will be approved, ratified and confirmed by shareholders when the Rights Plan and the issuance of the Rights thereunder have been approved by a majority of the votes cast in respect thereof, without giving effect to any votes cast (i) by any shareholder that, directly or indirectly, on its own or in concert with others, holds or exercises control over more than 20% of the outstanding voting shares of the Company, if any; and (ii) by the associates, affiliates and insiders of any person referred to in (i) above.

The form of the resolution to be placed before shareholders at the Meeting is as follows:

**“Be it Resolved That, as an Ordinary Resolution, with or without Amendment:**

1. The Shareholder Rights Plan as described in the management information circular dated September 17, 2020, prepared in connection with this annual general and special meeting of shareholders, is hereby approved, ratified and confirmed, with or without amendment.
2. The Board of Directors of the Company is authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing.”

**As disclosed above, the persons named in the enclosed form of proxy intend to vote at the Meeting for the approval, ratification and confirmation of the Rights Plan and the issuance of Rights thereunder, unless otherwise directed by the shareholder appointing them.**

### **OTHER MATTERS TO BE ACTED UPON**

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. The management of the Company 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 matters in accordance with the best judgment of the persons voting by proxy.

### **ADDITIONAL INFORMATION**

Additional Information concerning the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial Information concerning the Company is provided in the Company’s comparative financial statements and management’s discussion and analysis for the fiscal year ended December 31, 2019.

Shareholders wishing to obtain a copy of the Company’s financial statements and management’s discussion and analysis may contact the Company as follows:

CYPRESS DEVELOPMENT CORP.  
 1610-777 Dunsmuir Street, Vancouver, BC, V7Y 1K4  
 Telephone: (604) 687-3376 Fax: (604) 687-3119  
 E-mail: [info@cypressdevelopmentcorp.com](mailto:info@cypressdevelopmentcorp.com)

### **BOARD APPROVAL**

The contents of this Information Circular have been approved and its mailing has been authorized by the Directors of the Company.

DATED at Vancouver, British Columbia, as at September 17, 2020.

**ON BEHALF OF THE BOARD**

/s/ "Donald C. Huston"  
**Donald C. Huston,**  
Chairman and President



### Schedule A

## **CYPRESS DEVELOPMENT CORP.** (the "Company")

### **AUDIT COMMITTEE CHARTER**

#### **PURPOSE OF THE COMMITTEE**

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of the Company is to provide an open avenue of communication between management, the Company's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company's independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Company's articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with International Financial Reporting Standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

#### **AUTHORITY AND RESPONSIBILITIES**

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.

2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.
11. Establish and review the Company's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of the Company.