

STONE GOLD INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 28, 2021**

AND

MANAGEMENT INFORMATION CIRCULAR

May 19, 2021

STONE GOLD INC.
82 Richmond Street East
Toronto, Ontario M5C 1P1

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of Stone Gold Inc. (the “**Corporation**”) will be held at the offices of the Corporation at Suite 1101, 141 Adelaide Street West, Toronto, Ontario at 10:00 a.m. (Toronto time) on June 28, 2021 for the following purposes, all as more particularly described in the enclosed management information circular (the “**Circular**”):

1. to receive the audited annual financial statements of the Corporation for the financial years ended December 31, 2020 and 2019, together with the auditor’s report thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting as more particularly described in the Circular;
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider and, if deemed advisable, to pass, with or without variation, a special resolution to authorize the board of directors to set the number of directors from time to time within the minimum and maximum number of directors set forth in the articles of the Corporation, in accordance with Section 125(3) of the *Business Corporations Act* (Ontario), provided that the total number of directors so set may not exceed one-third of the number of directors elected at the previous annual meeting of Shareholders;
6. to consider and, if deemed advisable, to pass, with or without variation an ordinary resolution to approve the Corporation’s 10% rolling incentive stock option plan (the “**Stock Option Plan**”); and
7. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is May 19, 2021 (the “**Record Date**”). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

Voting

All Shareholders may attend the Meeting in or person or be represented by proxy. Shareholders who do not plan on attending the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it in the envelope provided. To be effective, the enclosed form of proxy or voting instruction form must be deposited with TSX Trust Company either by (i) mail at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1; (ii) facsimile at (416) 595-9593; (iii) email at tsxtrustproxyvoting@tmx.com; or (iv) voted online at www.voteproxyonline.com. In order to be valid and acted upon at the Meeting, the duly-completed form of proxy must be received prior to 10:00 a.m. (Toronto time) on June 24, 2021 (the “**Proxy Deadline**”), or be deposited with the Secretary of the Corporation before the commencement of the Meeting or of any adjournment thereof. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline.

A “beneficial” or “non-registered” Shareholder will not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his/her/its broker; however, a beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Only Shareholders as of the Record Date are entitled to receive notice of and vote at the Meeting.

If you are a non-registered holder of Common Shares and have received these materials through your broker, custodian, nominee or other intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker, custodian, nominee or other intermediary in accordance with the instructions provided therein. **SHAREHOLDERS ARE REMINDED TO REVIEW THE CIRCULAR BEFORE VOTING.**

In an effort to mitigate the risks associated with COVID-19, and to preserve the health and safety of our communities, Shareholders, employees and other stakeholders, we are inviting Shareholders to participate in the Meeting by dialing in to our conference line at: (+1) 647-723-3981 (Toronto) or 1-800-747-5150 (North America – Toll Free) and use access code 8480107#. Participants should dial in at least 10 minutes prior to the scheduled start time and ask to join the call. Shareholders will have an equal opportunity to participate at the Meeting through this method regardless of their geographic location. However, Shareholders who do not complete a form of proxy or do not physically attend the Meeting, will not be able to vote their Common Shares via telephone. We encourage Shareholders to not attend the meeting in person due to risks related to COVID-19. We will also take additional precautionary measures in relation to the physical Meeting, limiting access to essential personnel, registered Shareholders and proxy holders entitled to attend and vote at the Meeting. We highly recommend Shareholders vote their Common Shares prior to the Meeting.

DATED at Toronto, Ontario as of the 19th day of May 2021.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “John Timmons”

John Timmons
President & Chief Executive Officer

STONE GOLD INC.
82 Richmond Street East
Toronto, Ontario M5C 1P1

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (this “**Circular**”) is furnished in connection with the solicitation by the management of Stone Gold Inc. (the “**Corporation**”) of proxies to be used at the annual and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares of the Corporation (“**Common Shares**”) to be held at the time and place and for the purposes set out in the accompanying notice of annual and special meeting of shareholders (the “**Notice of Meeting**”).

It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, e-mail or in person. These persons will receive no compensation for such solicitation, other than their ordinary salaries or fees. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to the beneficial owners of the Common Shares. The Corporation will provide, without cost to such person, upon request to the Secretary of the Corporation, additional copies of the foregoing documents for this purpose.

GENERAL INFORMATION RESPECTING THE MEETING

No person has been authorized to give any information or make any representations in connection with the matters being considered herein other than those contained in this Circular and, if given or made, any such information or representations should be considered not to have been authorized by the Corporation. This Circular does not constitute the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

In an effort to mitigate the risks associated with COVID-19, and to preserve the health and safety of our communities, Shareholders, employees and other stakeholders, we are inviting Shareholders to participate in the Meeting by dialing in to our conference line at: (+1) 647-723-3981 (Toronto) or 1-800-747-5150 (North America – Toll Free) and use access code 8480107#. Participants should dial in at least 10 minutes prior to the scheduled start time and ask to join the call. Shareholders will have an equal opportunity to participate at the Meeting through this method regardless of their geographic location. However, Shareholders who do not complete a form of proxy or do not physically attend the Meeting, will not be able to vote their Common Shares via telephone. We encourage Shareholders to not attend the meeting in person due to risks related to COVID-19. We will also take additional precautionary measures in relation to the physical Meeting, limiting access to essential personnel, registered Shareholders and proxy holders entitled to attend and vote at the Meeting. We highly recommend Shareholders vote their Common Shares prior to the Meeting.

References in this Circular to the Meeting include any adjournment(s) or postponement(s) thereof.

In this Circular, unless otherwise indicated, all dollar amounts “\$” are expressed in Canadian dollars.

Except where otherwise indicated, the information contained herein is stated as of May 19, 2021.

Electronic copies of this Circular, financial statements of the Corporation for the years ended December 31, 2020 and 2019 (the “**Financial Statements**”) and management discussion and analysis for 2020 (the “**MD&A**”) may be found on the Corporation’s SEDAR profile at www.sedar.com. Shareholders may also obtain paper copies of the Financial Statements and the MD&A free of charge by contacting TSX Trust Company (“**TSX Trust**”) at the same toll-free number or upon request to the Secretary of the Corporation.

APPOINTMENT, VOTING AND REVOCATION OF PROXIES

Appointment of Proxy

A Shareholder who does not plan on attending the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to TSX Trust: either by (i) mail at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1; (ii) facsimile at (416) 595-9593; (iii) email at tsxtrustproxyvoting@tmx.com; or (iv) voted online at www.voteproxyonline.com. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 10:00 a.m. (Toronto time) on June 24, 2021 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at his discretion, without notice.

If you are a non-registered holder of Common Shares and have received these materials through your broker, custodian, nominee or other intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker, custodian, nominee or other intermediary in accordance with the instructions provided therein.

The document appointing a proxy must be in writing and executed by the Shareholder or his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A Shareholder submitting a form of proxy has the right to appoint a person (who need not be a Shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the Shareholder’s appointee should be legibly printed in the blank space provided. In addition, the Shareholder should notify the appointee of the appointment, obtain his or her consent to act as appointee and instruct the appointee on how the Shareholder’s Common Shares are to be voted.

Shareholders who are not registered shareholders of the Corporation should refer to “*Notice to Beneficial Holders of Common Shares*” below.

Revocation of Proxy

A Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy personally attends the Meeting at which that proxy is to be voted, that person may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or his attorney or authorized agent and deposited with TSX Trust at any time up to 10:00 a.m. (Toronto time) on June 24, 2021: either by (i) mail at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1; (ii) facsimile at (416) 595-9593; or (iii) email at tsxtrustproxyvoting@tmx.com, or deposited

with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon either of those deposits, the proxy will be revoked.

Notice to Beneficial Holders of Common Shares

The information set out in this section is of importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder’s name in the records of the Corporation. Those Common Shares will most likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined herein), the Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders under applicable securities regulations for purposes of dissemination to Beneficial Shareholders of proxy-related materials and other security holder materials and requests for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Canadian securities laws restrict the use of that information to matters strictly relating to the affairs of the Corporation. Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the proxy-related materials for use in connection with the Meeting (the “**Meeting Materials**”) directly to NOBOs and indirectly to OBOs. NI 54-101 allows the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and to use such NOBO list for the purpose of distributing the proxy materials directly to, and seek voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. The Corporation intends to pay for intermediaries to deliver the Meeting Materials to the OBOs.

Applicable securities regulations require intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings on Form 54-101F7. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7.

Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically mails a voting instruction form in lieu of a form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge’s dedicated voting website to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Corporation’s transfer agent and registrar, which will tabulate the results and provide appropriate instructions respecting the voting of Common Shares to be represented at the Meeting or any adjournment thereof.

All references to Shareholders in this Circular, instrument of proxy and Notice of Meeting are to registered shareholders of the Corporation unless specifically stated otherwise.

Voting

Common Shares represented by any properly executed proxy in the accompanying form will be voted for or against, or withheld from voting, as the case may be, on any ballot that may be called for in accordance with the instructions given by the Shareholder. **In the absence of such direction, such Common Shares will be voted in favour of the matters set out herein.**

The accompanying form of proxy confers discretionary authority on the persons named in it with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. As of the date hereof, management of the Corporation is not aware of any such amendments, variations or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of management of the Corporation.

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

Other than as disclosed herein, no director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation’s last financial year, each proposed nominee for election as a director of the Corporation, and associates or affiliates of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Description of Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares. Each Common Share entitles the holder of record thereof to one vote per Common Share at all meetings of the shareholders of the Corporation. As of the close of business on May 19, 2021, there were 28,082,335 Common Shares issued and outstanding.

Record Date

The board of directors of the Corporation (the “**Board**”) has fixed the close of business on May 19, 2021 as the record date, being the date for the determination of the registered Shareholders entitled to receive notice of, and to vote at, the Meeting (the “**Record Date**”). Shareholders of record at the close of business on May 19, 2021 will be entitled to vote at the Meeting and at all adjournments thereof, except to the extent that a Shareholder has transferred any Common Shares after the Record Date and the transferee of such Common Shares produces a properly endorsed share certificate or otherwise establishes that the transferee owns the Common Shares and requests, not later than ten (10) days before the Meeting, that his, her or its name be included in the list of the shareholders of the Corporation entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Common Shares at the Meeting and at all adjournments thereof.

A quorum for the transaction of business at the Meeting shall be Shareholders and/or persons appointed by proxy personally present and holding or representing by proxy not less than 20% of the shares entitled to vote at the Meeting.

Ownership of Securities of the Corporation

As of May 19, 2021 to the knowledge of the directors and officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis (“**CD&A**”) is to provide information about the Corporation’s executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Corporation’s executive officers, in particular, the three identified named executive officers (the “**NEOs**”), namely, John Timmons, President and Chief Executive Officer (the “**CEO**”), Carmelo Marrelli, Chief Financial Officer (the “**CFO**”) and Brian Howlett, former President and Chief Executive Officer, for the period ended December 31, 2020. Mr. Timmons was appointed as President and Chief Executive Officer by the Board effective November 2, 2021. Mr. Marrelli acts as the CFO through his consulting company, Marrelli Support Services Inc. (“**MSSI**”).

In order to assist the Board in fulfilling its oversight responsibilities with respect to human resources matters, the Board has established a compensation committee (the “**Compensation Committee**”). During the most recently completed fiscal year, the Compensation Committee was comprised of two directors, namely Eric Szustak and Mark Goodman. Mr. Szustak is considered independent within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). Mr. Goodman is not considered independent as he has served as Executive Chairman of the Corporation over the last three years.

Each member of the Compensation Committee has been in a senior leadership position in various organizations, and in those capacities obtained direct experience relevant to executive compensation, and have the skills and experience that enable the Committee to make decisions on the suitability of the Corporation’s compensation policies and practices.

The role of the Compensation Committee is to: (i) establish the philosophy and objectives that will govern the Corporation’s compensation program; (ii) oversee and recommend for Board approval, executive officer compensation and benefits; (iii) recommend for Board approval other compensation and benefits plans and

arrangements; (iv) oversee the Corporation's stock option plan and annual bonus plan; and (iv) promote the clear and complete disclosure to Shareholders of material information regarding executive compensation. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

The Compensation Committee has not formally considered the implications of risks associated with the Corporation's compensation policies and practices as, in their view, the current structure of the Corporation's executive compensation arrangements is focussed on long-term value and is designed to correlate to the long-term performance of the Corporation, which includes but is not limited to performance of its share price.

The NEOs and directors of the Corporation are not formally prohibited from purchasing financial instruments designed to hedge or offset a decrease in the market value of shares, including shares granted as or underlying share-based compensation or otherwise held directly or indirectly by an NEO or a director. In the view of the Compensation Committee, the structure and nature of directors and executive compensation, including the manner in which options are granted, vested and paid-out under the Corporation's stock option plan is designed to reduce the need to hedge or offset any potential decrease in the price of our shares and is adequate to ensure that the interests of the directors and NEOs are adequately aligned with those of the Corporation generally.

Compensation Process

The Compensation Committee relies on the knowledge and experience of its members to set appropriate levels of compensation for executive officers. Neither the Corporation nor the Compensation Committee currently has any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of executive officer or director compensation.

There are no pre-established formulas for determining executive officer compensation. Generally, the Compensation Committee evaluates the officer's performance, including reviewing the Corporation's performance as against its business plans and the officer's achievements during the fiscal year. The Compensation Committee uses all data available to it to ensure that the Corporation is maintaining a level of compensation that is both commensurate with the size of the Corporation and sufficient to retain personnel it considers essential to the success of the Corporation. In reviewing comparative data, the Compensation Committee does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level and does not compare its compensation to a specific peer group of companies. In the Compensation Committee's view, external data provides insight into external competitiveness, but it is not an appropriate single basis for establishing compensation levels. External data is considered, along with an assessment of individual performance and experience, the Corporation's business strategy, best practices/trends in human resources, and general economic considerations.

The Compensation Committee reviews the various elements of the NEOs' compensation in the context of the total compensation package (including salary, annual cash incentives, and prior awards under the stock option plan) and recommends the NEOs' compensation packages. The Compensation Committee's recommendations regarding NEO compensation are presented to the Board for their consideration and approval.

From time to time the Board grants stock options as part of an officer's compensation or in recognition of the achievement of a particular goal or extraordinary service. The Board determines the particulars with respect to all options granted. The exercise price of each option awarded under the stock option plan is not less than the closing price of the Common Shares on the day preceding the grant.

The Corporation notes that it is in an exploration phase with respect to its properties and has to operate with limited financial resources and control costs to ensure that funds are available to complete scheduled programs and otherwise fund its operations. The Compensation Committee and the Board consider the current and anticipated financial position of the Corporation at the time of any compensation determination. Historically, as the Corporation has been in an exploration and development phase with respect to its properties and has had to operate with limited financial resources, the Compensation Committee and the Board have kept the cash compensation paid to the CEO to a base salary consistent with industry norms for a company of the Corporation's size, while providing significant long-term incentives through the granting of stock options. In future years, the Compensation Committee and the Board will continue to evaluate this approach in light of the development of the Corporation's properties and financial resources and may choose to increase the salary of, and grant additional options to, the Corporation's executive officers and employees, as the Compensation Committee, in consultation with the Board, deems appropriate under the circumstances.

Compensation Program

Principles/Objectives of the Compensation Program

The primary goal of the Corporation's executive compensation program is to attract, motivate and retain top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Corporation's executive officers is determined with regard to the Corporation's business strategy and objectives and within the limited financial resources of the Corporation, such that the financial interests of the executive officers are matched with the financial interests of the shareholders.

Compensation Program Design and Analysis of Compensation Decisions

Standard compensation arrangements for the Corporation's executive officers are composed of the following elements, which are linked to the Corporation's compensation and corporate objectives as follows:

| Compensation Element | Link to Compensation Objectives | Link to Corporate Objectives |
|-----------------------------|---|--|
| Base Salary | Attract and Retain Reward | Competitive pay ensures access to skilled employees necessary to achieve corporate objectives. |
| Annual Incentives | Motivate and Reward | Annual incentives focus executive officers on the achievement of corporate objectives and reward exceptional performance. |
| Stock Options | Motivate and Reward Align interests with interests of shareholders | Long-term incentives motivate and reward executive officers to increase shareholder value by the achievement of long-term corporate strategies and objectives. |

2020 Performance and Compensation

The Corporation is an exploratory stage mining company and will not be generating revenues from operations in the foreseeable future. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Compensation Committee to be appropriate in the evaluation of corporate or NEO performance. The compensation of executive officers is based, in substantial part, on trends in the mining industry as well as achievement of the Corporation's business plans. The Compensation Committee did not establish any quantitative or qualitative performance goals or similar

conditions in 2020 with respect to base salaries payable or the amount of equity compensation granted to NEOs.

Base Salaries and Consultant Fees

The Corporation provides executive officers with base salaries which represent their minimum compensation for services rendered during the fiscal year. Each NEOs' base salary depends on the scope of his or her experience, responsibilities, leadership skills, performance, length of service, general industry trends and practices, competitiveness, and the Corporation's existing financial resources. Base salaries are reviewed annually by the Compensation Committee.

Mr. Timmons' base salary in 2020 was \$12,000. Mr. Howlett's base salary in 2020 was \$22,000 and his base salary in 2019 was \$Nil. Mr. Marrelli did not receive a base salary in 2020 and 2019.

Annual Incentives

The Corporation has established an annual bonus program (the "**Bonus Plan**") to be competitive from a total remuneration standpoint and to provide it with the ability to recognize outstanding executive officer performance. As a result, the Compensation Committee has been provided with the discretion to award bonuses to executive officers when the Corporation is in the financial position to make such awards. Notwithstanding this discretion, cash bonuses to the CEO and any material cash bonuses to any other executive officers require the approval of the Board.

Due to the financial position of the Corporation, none of Mr. Timmons, Mr. Howlett nor Mr. Marrelli received a bonus payment in 2020.

Options

The grant of options ("**Options**") to purchase Common Shares pursuant to the Corporation's stock option plan (the "**Stock Option Plan**") is an integral component of the compensation packages of the executive officers of the Corporation. The Compensation Committee believes that the grant of Options to executive officers and Share ownership by such officers serves to motivate achievement of the Corporation's long-term strategic objectives and the result will benefit all shareholders. Options are awarded to employees of the Corporation by the Board based upon the recommendation of the Compensation Committee, which bases its decisions upon the level of responsibility and contribution of the individual toward the Corporation's goals and objectives. The Compensation Committee considers the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options and the size of such grants. The Compensation Committee's decisions with respect to the granting of Options are reviewed by the Board and are subject to its final approval. See below "*Long Term Incentive Plan Awards - Stock Option Plan*" for a detailed description of the Stock Option Plan.

In 2019, the Corporation granted an aggregate of 400,000 Options with an exercise price of \$0.05 per Option and in 2020, the Corporation granted an aggregate of 800,000 Options with an exercise price of \$0.15 per Option to certain directors and officers.

Executive Compensation

Summary Compensation Table

The following table provides a summary of the compensation earned by the NEOs for services rendered in all capacities during the fiscal years ended December 31, 2020, 2019 and 2018:

| Name and Principal Position | Year | Salary (\$) | Share-based awards (\$) | Option-based awards ⁽¹⁾⁽²⁾ (\$) | Non-equity incentive plan compensation (\$) | | Pension value (\$) | All other compensation(s) ⁽³⁾ (\$) | Total compensation (\$) |
|--|------|-------------|-------------------------|--|---|---------------------------|--------------------|---|-------------------------|
| | | | | | Annual Incentive Plans | Long-term Incentive Plans | | | |
| John Timmons ⁽⁴⁾ President & CEO | 2020 | 12,000 | Nil | 18,806 | Nil | Nil | Nil | Nil | 30,806 |
| | 2019 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2018 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Carmelo Marrelli CFO | 2020 | Nil | Nil | 4,702 | Nil | Nil | Nil | 50,353 | 55,055 |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | 50,550 | 50,550 |
| | 2018 | Nil | Nil | 4,248 | Nil | Nil | Nil | 60,634 | 64,882 |
| Brian Howlett ⁽⁴⁾ Former President & CEO | 2020 | 22,000 | Nil | 14,103 | Nil | Nil | Nil | Nil | 36,103 |
| | 2019 | Nil | Nil | 6,916 | Nil | Nil | Nil | Nil | 6,916 |
| | 2018 | 37,000 | Nil | 8,498 | Nil | Nil | Nil | Nil | 45,498 |

Notes:

- The values in this column do not represent a cash payment. The values in this column represent the estimated fair value for pricing of Options granted to Mr. Timmons, Mr. Marrelli, and Mr. Howlett using the Black-Scholes model for valuation of Options granted to NEOs, which may or may not be realized in the future. The “estimated fair value,” as determined by using the Black-Scholes model, is a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of stock options using this methodology is very different from a simple “in-the-money” value calculation. In fact, stock options that are well out-of-the-money can still have a significant “fair value” based on a Black-Scholes valuation, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair-value amounts with cash compensation or an in-the-money option value calculation. The same caution applies to the total compensation amounts shown in the last column above, which are based in part on the grant date fair-value amounts set out in the column for option-based awards.
- The value disclosed for the awards is based on the grant date fair value of the award. The fair value of these awards was calculated using the Black-Scholes option pricing model, taking into account the following assumptions for 2018: (i) risk-free interest rate – 2.00%; (ii) life of grant – five years; (iii) volatility – 221%; and (iv) expected dividend yield – 0%. For 2019, the following assumptions were used: i) risk-free interest rate – 1.64%; (ii) life of grant – five years; (iii) volatility – 223%; and (iv) expected dividend yield – 0%. For 2020, the following assumptions were used: i) risk-free interest rate – 0.39%; (ii) life of grant – five years; (iii) volatility – 79%; and (iv) expected dividend yield – 0%. The Corporation chose the Black-Scholes option pricing model for determining grant date fair value, because the method is the widely accepted method in industry and allowed by IFRS. As described under “Executive Compensation – Incentive Plan Awards”, all option based-awards were fully vested upon grant.
- In 2020, 2019 and 2018, Mr. Marrelli was paid \$18,540, \$18,540 and \$18,540, respectively, through MSSSI, for acting as the CFO of the Corporation and was paid \$20,695, \$26,292 and \$27,128, respectively, through MSSSI, for accounting services provided to the Corporation. In addition, for the year ended December 31, 2020, 2019 and 2018, the Corporation expensed \$3,946, \$5,110 and \$14,966 to DSA Corporate Services Inc. (“DSA”) for corporate secretarial services. DSA is private company controlled by Mr. Marrelli. Mr. Marrelli is also the corporate secretary of and sole director of DSA. In addition, for the years ended December 31, 2020, 2019 and 2018, the Corporation expensed \$7,172, \$608 and \$Nil, respectively, to Marrelli Press Release Services Limited. (“Press Release”) for press release matters. Press Release is a private company controlled by Mr. Marrelli. Mr. Marrelli is also the corporate secretary of and sole director of Press Release. Mr. Marrelli was appointed to act as CFO in 2011.
- Mr. Howlett resigned as President & CEO of the Corporation on November 2, 2020. Mr. Timmons was appointed as President & CEO of the Corporation on November 2, 2020 to fill the vacancy created by the resignation of Mr. Howlett. Mr. Howlett resigned from the board of directors of the Corporation on April 27, 2021.

Incentive Plan Awards

The following table provides details regarding outstanding NEO Option and share-based awards as of December 31, 2020:

| <i>Outstanding share-based awards and option-based awards</i> | | | | | | | |
|---|--|----------------------------|------------------------|---|--|--|--|
| | Option-based Awards | | | | Share-based Awards | | |
| Name | Number of securities underlying unexercised options ⁽¹⁾ (#) | Option exercise price (\$) | Option expiration date | Aggregate value of unexercised in-the-money options ⁽²⁾ (\$) | Number of shares or units that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| John Timmons | 200,000 | 0.15 | November 2, 2025 | 700.00 | N/A | N/A | N/A |
| Carmelo Marrelli | 37,500 | 0.15 | April 23, 2023 | 1,312.50 | N/A | N/A | N/A |
| | 50,000 | 0.15 | November 2, 2025 | 1,750.00 | N/A | N/A | N/A |
| Brian Howlett | 75,000 | 0.15 | April 23, 2023 | 2,625.00 | N/A | N/A | N/A |
| | 150,000 | 0.15 | November 2, 2025 | 5,250.00 | N/A | N/A | N/A |

Notes:

- (1) All Options fully vested upon grant.
- (2) Based on the closing price of the Common Shares on the TSX Venture Exchange (“TSX-V”) on December 31, 2020 of \$0.185.

See above “2020 Performance and Compensation - Options” for a discussion of the Stock Option Plan and determinations of awards during the year ended December 31, 2020. See below “Stock Option Plan” for details regarding the Stock Option Plan.

The following table provides details regarding outstanding NEO option-based awards, share-based awards and non-equity incentive plan compensation, which vested and/or was earned during the year ended December 31, 2020:

| <i>Incentive plan awards - value vested or earned during the year</i> | | | |
|---|---|--|--|
| Name | Option-based awards - Value vested during the year ⁽¹⁾⁽²⁾ (\$) | Share-based awards - Value vested during the year (\$) | Non-equity incentive plan compensation - Value earned during the year ⁽¹⁾⁽²⁾ (\$) |
| John Timmons | 18,806 | Nil | Nil |
| Carmelo Marrelli | 4,702 | Nil | Nil |
| Brian Howlett | 14,103 | Nil | Nil |

Notes:

- (1) The values in this column do not represent a cash payment. The values in this column represent the estimated fair value for pricing of Options granted to Mr. Timmons, Mr. Marrelli, and Mr. Howlett using the Black-Scholes model for valuation of Options granted to NEOs, which may or may not be realized in the future. The “estimated fair value,” as determined by using the Black-Scholes model, is a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of stock options using this methodology is very different from a simple “in-the-money” value calculation. In fact, stock options that are well out-of-the-money can still have a significant “fair value” based on a Black-Scholes valuation, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair-value amounts with cash compensation or an in-the-money option value calculation. The same caution applies to the total compensation amounts shown in the last column above, which are based in part on the grant date fair-value amounts set out in the column for option-based awards.
- (2) The value disclosed for the awards is based on the grant date fair value of the award. The fair value of these awards was calculated using the Black-Scholes option pricing model, taking into account the following assumptions for 2020, the following assumptions were used: i) risk-free interest rate – 79%; (ii) life of grant – five years; (iii) volatility – 0.39%; and (iv) expected dividend yield – 0%. The Corporation chose the Black-Scholes option pricing model for determining grant date fair value, because the method is the widely accepted method in industry and allowed by IFRS.

Director Compensation

During the financial year ended December 31, 2020, directors of the Corporation who were not officers or employees received no fees for their services as directors. The Corporation, at the election of the Board, has discontinued paying directors' fees until further notice. Directors are reimbursed for all reasonable out-of-pocket expenses incurred in attending Board, committee or shareholder meetings and otherwise incurred in carrying out their duties as directors of the Corporation.

Directors may also receive Options as recommended by the Compensation Committee and determined by the Board. The exercise price of any Option granted under the Stock Option Plan is determined by the directors of the Corporation at the time of grant in their sole discretion, but may not be less than the closing price of the Common Shares on the day preceding the day on which the directors of the Corporation grant such Option, less any discount permitted by the TSX-V. During the financial year ended December 31, 2020, the Corporation did not grant any Options to non-executive members of the Board.

Directors are also entitled to receive compensation to the extent that they provided services to the Corporation at rates that would otherwise be charged by such directors for such services to arm's length parties or less. During the financial year ended December 31, 2020, there were no additional fees paid to directors for such additional services.

Director Summary Compensation Table

The following compensation table sets out the compensation paid to each of the Corporation's directors in the year ended December 31, 2020:

| Name | Fees earned (\$) | Share-based awards (\$) | Option-based awards ⁽¹⁾⁽²⁾ (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|----------------|------------------|-------------------------|--|---|--------------------|-----------------------------|------------|
| Mark Goodman | 6,000 | Nil | 9,402 | Nil | Nil | Nil | 15,402 |
| Morgan Quinn | 9,000 | Nil | 9,402 | Nil | Nil | Nil | 18,402 |
| Gérald Riverin | 9,000 | Nil | 9,402 | Nil | Nil | Nil | 18,402 |
| Eric Szustak | 6,000 | Nil | 9,402 | Nil | Nil | 10,000 | 25,402 |

Notes:

- (1) The values in this column do not represent a cash payment. The values in this column represent the estimated fair value for pricing of Options granted to Corporation's directors using the Black-Scholes model for valuation of Options, which may or may not be realized in the future. The "estimated fair value," as determined by using the Black-Scholes model, is a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of stock options using this methodology is very different from a simple "in-the-money" value calculation. In fact, stock options that are well out-of-the-money can still have a significant "fair value" based on a Black-Scholes valuation, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair-value amounts with cash compensation or an in-the-money option value calculation. The same caution applies to the total compensation amounts shown in the last column above, which are based in part on the grant date fair-value amounts set out in the column for option-based awards.
- (2) The value disclosed for the awards is based on the grant date fair value of the award. The fair value of these awards was calculated using the Black-Scholes option pricing model, taking into account the following assumptions for 2020, the following assumptions were used: i) risk-free interest rate – 0.39%; (ii) life of grant – five years; (iii) volatility – 79%; and (iv) expected dividend yield – 0%. The Corporation chose the Black-Scholes option pricing model for determining grant date fair value, because the method is the widely accepted method in industry and allowed by IFRS.

Incentive Plan Awards

The following table provides details regarding the outstanding option and share-based awards held by directors, other than NEOs, as of December 31, 2020:

| <i>Outstanding share-based awards and option-based awards</i> | | | | | | | |
|---|--|----------------------------|------------------------|---|--|--|--|
| | Option-based Awards | | | | Share-based Awards | | |
| Name | Number of securities underlying unexercised options ⁽¹⁾ (#) | Option exercise price (\$) | Option expiration date | Aggregate value of unexercised in-the-money options (\$) ⁽²⁾ | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Eric Szustak | 100,000 | \$0.15 | November 2, 2021 | 3,500.00 | N/A | N/A | N/A |
| Mark Goodman | 75,000 | \$0.15 | April 23, 2023 | 2,625.00 | N/A | N/A | N/A |
| | 40,000 | \$0.05 | April 12, 2024 | 5,400.00 | N/A | N/A | N/A |
| | 100,000 | \$0.15 | November 2, 2025 | 3,500.00 | N/A | N/A | N/A |
| Morgan Quinn | 75,000 | \$0.15 | April 23, 2023 | 2,625.00 | N/A | N/A | N/A |
| | 40,000 | \$0.05 | April 12, 2024 | 5,400.00 | N/A | N/A | N/A |
| | 100,000 | \$0.15 | November 2, 2025 | 3,500.00 | N/A | N/A | N/A |
| Gérald Riverin | 75,000 | \$0.15 | April 23, 2023 | 2,625.00 | N/A | N/A | N/A |
| | 40,000 | \$0.05 | April 12, 2024 | 5,400.00 | N/A | N/A | N/A |
| | 100,000 | \$0.15 | November 2, 2025 | 3,500.00 | N/A | N/A | N/A |

Notes:

(1) All Options fully vested on grant.

(2) Based on the closing price of the Common Shares on the TSX-V on December 31, 2020 of \$0.185.

See below “*Long Term Incentive Plan Awards – Stock Option Plan*” for details regarding the Corporation’s Stock Option Plan.

As set out in the following table, there were no outstanding director option-based awards, share-based awards or non-equity incentive plan compensation that vested in the fiscal year ended December 31, 2020:

| <i>Incentive plan awards - value vested or earned during the year</i> | | | |
|---|---|--|--|
| Name | Option-based awards - Value vested during the year ⁽¹⁾⁽²⁾ (\$) | Share-based awards - Value vested during the year (\$) | Non-equity incentive plan compensation - Value earned during the year ⁽¹⁾⁽²⁾ (\$) |
| Eric Szustak | 9,402 | Nil | 9,402 |
| Mark Goodman | 9,402 | Nil | 9,402 |
| Morgan Quinn | 9,402 | Nil | 9,402 |
| Gérald Riverin | 9,402 | Nil | 9,402 |

Notes:

(1) The values in this column do not represent a cash payment. The values in this column represent the estimated fair value for pricing of Options granted to the Corporation’s directors using the Black-Scholes model for valuation of Options, which may or may not be realized in the future. The “estimated fair value,” as determined by using the Black-Scholes model, is a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of stock options using this methodology is very different from a simple “in-the-money” value calculation. In fact, stock options that are well out-of-the-money can still have a significant “fair value” based on a Black-Scholes valuation, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair-value amounts with cash compensation or an in-the-money option value calculation. The same caution applies to the total compensation amounts shown in the last column above, which are based in part on the grant date fair-value amounts set out in the column for option-based awards.

(2) The value disclosed for the awards is based on the grant date fair value of the award. The fair value of these awards was calculated using the Black-Scholes option pricing model, taking into account the following assumptions for 2020, the following assumptions were used: i) risk-free interest rate – 0.39%; (ii) life of grant – five years; (iii) volatility – 79%; and (iv) expected dividend yield – 0%. The Corporation chose

the Black-Scholes option pricing model for determining grant date fair value, because the method is the widely accepted method in industry and allowed by IFRS.

Long Term Incentive Plan Awards

The Corporation has no long-term incentive plans other than Options granted from time to time under the provisions of the Stock Option Plan.

Stock Option Plan

The Stock Option Plan is the Corporation's only securities-based compensation plan. The following is a summary of the material terms of the Stock Option Plan (any terms not defined herein have the meaning defined in the Stock Option Plan):

- (i) all Options are non-assignable and non-transferable;
- (ii) all Options granted under the Plan shall expire not later than that date which is five (5) years from the date such Options were granted;
- (iii) subject to an alternation in Common Shares, the securities that may be acquired by Optionees under this Stock Option Plan shall consist of authorized, but unissued Common Shares;
- (iv) the Optioned Shares that may be issuable pursuant to Options granted under the Stock Option Plan, and under all other share compensation arrangements, shall not exceed 10% of the number of issued shares of the Corporation at the time of the granting of Options;
- (v) any Common Shares subject to an Option which for any reason is cancelled or terminated without having been exercised shall again be available for grants under the Stock Option Plan, and under all other Share Compensation Arrangements. Any Common Shares subject to an Option which has been exercised by an Optionee, shall again be available for grants under the Plan, and under all other Share Compensation Arrangements;
- (vi) the aggregate number of Options granted to "Insiders" (as that term is defined in TSX-V Policy 1.1) (as a group) within a twelve (12) month period must not exceed 10% of the issued shares, calculated at the date an Option is granted to any Insider;
- (vii) no more than 5% of the issued shares of the Corporation, calculated at the date the Option is granted, may be granted to any one Optionee in any twelve (12) month period;
- (viii) no more than 2% of the issued shares of the Corporation, calculated at the date the Option is granted, may be granted to any one Consultant in any twelve (12) month period;
- (ix) no more than an aggregate of 2% of the issued shares of the Corporation, calculated at the date the Option is granted, may be granted to an Employee conducting "Investor Relations Activities" (as that term is defined in TSX-V Policy 1.1) in any twelve (12) month period, with no more than 1/4 of such Options vesting in any three (3) month period; and
- (x) the exercise price to each Optionee for each Optioned Share shall be determined by the Board but shall not, in any event, be less than the "Discounted Market Price" of the Corporation's common shares as traded on the TSX-V (as that term is defined in TSX-V policy 1.1), or such other price as may be agreed to by the Corporation and accepted by the TSX-V; provided that the exercise price for each Optioned Share in respect of Options granted within ninety (90) days

of a “Distribution” by a “Prospectus” (as those terms are defined in TSX-V Policy 1.1) shall not be less than the greater of the Discounted Market Price and the price per share paid by public investors for listed shares of the Corporation under the Distribution.

Pension Plan Benefits

As at the date of this Circular, the Corporation does not have any pension plans.

Termination and Change of Control Benefits

As at the date of this Circular, there are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Corporation in the event of the resignation, retirement or other termination of the NEO’s employment with the Corporation, change of control of the Corporation or a change in the NEO’s responsibilities following a change in control.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No current director or officer of the Corporation, no individual who held any such position during the financial year ended December 31, 2020, no proposed nominee for election as a director of the Corporation and no associate of any of the foregoing is, or during the financial year ended on December 31, 2020 has been, indebted to the Corporation, nor have these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or undertaking provided by the Corporation either pursuant to an employee stock purchase program of the Corporation or otherwise during the financial year of the Corporation ended December 31, 2020.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The Corporation maintains directors’ and officers’ liability insurance (“**D&O Insurance**”) for its directors and officers. The D&O Insurance insures the Corporation and its directors and officers against liability arising from wrongful acts of the Corporation’s directors and officers in their capacity as directors and officers of the Corporation, subject to limitations, if any, contained in the *Business Corporations Act* (Ontario) (the “**OBCA**”), and has an aggregate policy limit of \$2,000,000. The D&O Insurance coverage is subject to a deductible of \$25,000 on indemnifiable and securities claims. The current D&O Insurance policy is in effect until June 19, 2021 and has an aggregate annual premium of \$7,900. No portion of the D&O Insurance is directly paid by any director or officer of the Corporation.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information concerning securities authorized for issue under equity compensation plans of the Corporation, as at May 19, 2021:

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options ⁽¹⁾⁽²⁾ | Weighted Average Exercise Price of Outstanding Options | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans ⁽¹⁾⁽²⁾ |
|---|--|--|--|
| Equity compensation plans previously approved by security holders | 1,495,000 | \$0.14 | 1,082,733 |
| Equity compensation plans not previously approved by security holders | Nil | Nil | Nil |
| Total | 1,495,000 | \$0.14 | 1,082,733 |

Notes:

(1) Based on a total of 25,777,335 Common Shares issued and outstanding as at the date hereof.

(2) On May 15, 2020, 280,000 Options were exercised.

BUSINESS OF THE MEETING

To the knowledge of the management of the Corporation, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

1. Financial Statements

The audited financial statements of the Corporation for the financial years ended December 31, 2020 and 2019, together with the auditors' reports thereon, which accompany this Circular, will be presented to Shareholders at the Meeting. These materials are also available on the Corporation's SEDAR profile at www.sedar.com.

Receipt at the Meeting of these financial statements and the auditor's report thereon will not constitute approval or disapproval of any matter referred to therein. Shareholder approval is not required in relation to the financial statements.

2. Number of Directors

The Corporation's articles stipulate there shall be not more than 15 directors and not less than 3 director. The Board is currently composed of five directors. At the Meeting, the shareholders will be asked to consider and, if thought fit, to approve a special resolution (the "**Number of Directors Resolution**") fixing at five (5) the number of directors to be elected at the Meeting, to hold office, until the close of the next annual meeting of Shareholders or until their successors are duly elected or appointed pursuant to the by-laws of the Corporation, unless their offices are earlier vacated in accordance with the provisions of the OBCA or the Corporation's by-laws.

The persons named in the form of proxy accompanying this Circular intend to vote FOR the Number of Directors Resolution, unless a Shareholder who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the Number of Directors Resolution.

3. Election of Directors

At the Meeting, shareholders of the Corporation will be asked to elect five (5) directors for the ensuing year. **The persons named in the form of proxy accompanying this Circular intend to vote FOR the election of the nominees whose names are set forth below, unless a Shareholder who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of directors of the Corporation.** Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director of the Corporation for the ensuing year, however, if that should occur for any reason prior to the Meeting or any adjournment thereof, the

persons named in the form of proxy accompanying this Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Each director elected will hold office until the close of the next annual meeting of the shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets forth certain information regarding the nominees, their position with the Corporation, their principal occupation or employment during the last five years, the dates upon which the nominees became directors of the Corporation and the approximate number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as at May 19, 2021:

| Name, Position and Municipality of Residence | Principal Occupation | Date Became Director | Common Shares Owned or Controlled⁽⁴⁾ |
|--|--|-----------------------------|--|
| Mark E. Goodman ⁽³⁾ <i>Executive Chairman and Director Toronto, Ontario (Canada)</i> | Executive Chairman, Stone Gold Inc. | December 13, 2002 | 319,216 |
| Eric Szustak ^(1,3) <i>Director Oakville, Ontario (Canada)</i> | Chairman, Quinsam Capital Corp. CFO, James Bay Resources Limited | January 11, 2019 | 1,423,000 ⁽⁵⁾ |
| Gérald Riverin ⁽²⁾ <i>Director Rouyn-Noranda, Québec (Canada)</i> | Geologist, retired. | June 27, 2006 | 69,005 |
| Morgan Quinn ^(1,2) <i>Director Toronto, Ontario (Canada)</i> | Geologist | March 5, 2018 | Nil |
| J. Birks Bovaird ⁽¹⁾ <i>Director Toronto, Ontario (Canada)</i> | A consultant with a focus on the provision and implementation of financial planning. | April 27, 2021 | Nil |

Note:

- (1) Member of the Audit Committee.
- (2) Member of the Technical Advisory Committee.
- (3) Member of the Compensation Committee.
- (4) The information as to the number of voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised is, in each instance, based upon information furnished by the respective nominee as of May 19, 2021.
- (5) 712,000 Common Shares controlled by Mr. Szustak are held through Deca Global Advisors Inc., a private company controlled by Mr. Szustak.

As a group, the proposed directors beneficially own, control or direct, directly or indirectly, 1,811,221 Common Shares, representing approximately 6.45% of the issued and outstanding Common Shares as of the date hereof.

Corporate Cease Trade Orders or Bankruptcies, Penalties or Sanctions

No director or executive officer of the Corporation, is, as at the date hereof, or has been, within the ten (10) years before the date hereof, a director, CEO or CFO of any company (including the Corporation) that:

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

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (a) is, as at the date hereof, or has been within the ten (10) years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

4. Appointment of Auditor

McGovern, Hurley, LLP (“MH”) are the independent registered certified auditors of the Corporation. At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution to re-appoint MH to serve as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the directors of the Corporation to fix their remuneration as such. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

Unless the Shareholder has specifically instructed in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld or voted otherwise, the persons named in the accompanying proxy will vote FOR the re-appointment of MH as auditor of the Corporation to hold office until the next annual meeting of Shareholders or until a successor is appointed, and to authorize the Board to fix its remuneration.

The management of the Corporation recommends that Shareholders vote in favour of the re-appointment of MH and the authorization of the directors of the Corporation to fix their remuneration.

5. Authorizing Directors to Fix the Number of Directors

Pursuant to section 125(3) of the OBCA, if a corporation’s provide for a minimum and maximum number of directors, the directors may, if a special resolution of shareholders so provides, fix the number of directors to be elected at an annual meeting.

In addition, section 124(2) of the OBCA also provides that where a special resolution empowers directors to fix the number of directors in accordance with section 125(3) of the OBCA, the directors may appoint one or more directors between annual meetings, to hold office for a term expiring not later than the close

of the next annual meeting of shareholders, but the total numbers so appointed may not exceed one-third of the number of directors elected at the previous annual meeting.

From time to time, the Board identifies an individual who could make a valuable contribution to the Corporation as a director. The Board wishes to have the ability to invite such an individual to join the Board between Shareholders' meetings, without the need to create a vacancy, as this may restrict the Corporation's ability to enhance the Board at the earliest opportunity.

By adopting the proposed special resolution, it will be possible to more quickly take advantage of opportunities to augment the Board. At the same time, given the limitation on the number of directors who can be added between meetings and the expiry of the term of such directors at the next annual meeting, the Shareholders maintain their control over the composition of the Board.

For these reasons, Shareholders will be asked to consider, and, if deemed advisable, to approve, with or without variation, a special resolution to empower the directors to fix the number of directors to be elected within the minimum and maximum number of directors provided for in the Articles (the "**Director Range Resolution**").

The text of this special resolution which management intends to place before the Meeting for the approval of the empowerment of the directors to fix the number of directors to be elected within the minimum and maximum number of directors provided for in the Articles is as follows:

"BE IT RESOLVED as a special resolution of the Shareholders THAT:

- 1) in accordance with section 125(3) of the Business Corporations Act (Ontario), the directors shall be empowered and authorized to determine the number of directors of the Corporation to be elected at annual meetings of the Corporation within the minimum and maximum numbers provided for in the articles of the Corporation; and
- 2) any one director or officer of the Corporation be and he is hereby authorized and instructed to take all such acts and proceedings and to execute and deliver all such applications, authorizations, certificates, documents and instruments, as in their opinion may be reasonably necessary or desirable for the implementation of this resolution."

The Board recommends that Shareholders vote FOR the Director Range Resolution. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be voted against the Director Range Resolution, the persons named in the proxy or voting instruction form will vote FOR the Director Range Resolution.

6. Approval of Stock Option Plan

The Corporation maintains the Stock Option Plan, which was last approved by Shareholders at a meeting held on July 24, 2020 (the "**Last Meeting**"). The Stock Option Plan is a rolling stock option plan that sets the number of Common Shares issuable thereunder at a maximum of 10% of the Common Shares issued and outstanding at the time of any grant, subject to the policies of the TSX Venture Exchange ("**TSX-V**"). Pursuant to TSX-V policies, a TSX-V-listed issuer is required to obtain the approval of its shareholders for a "rolling" stock option plan at each annual meeting of shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve an ordinary resolution to approve the Stock Option Plan for the ensuing year.

The Stock Option Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. The Stock Option Plan provides for a floating maximum limit of 10% of the outstanding Common Shares as permitted by the policies of the TSX-V. As at the date hereof, options to purchase a total of 1,495,000 Common Shares have been issued to eligible participants under the Stock Option Plan and remain outstanding. As at the date hereof, the number of Common Shares remaining available for issuance under the Stock Option Plan is 1,313,233.

For a summary of the material terms of the Stock Option Plan, see “*Long Term Incentive Plan Awards – Stock Option Plan*”.

Shareholder Approval of the Stock Option Plan

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution re-approving the Stock Option Plan (the “**SOP Resolution**”). To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

The Board recommends that Shareholders vote FOR the SOP Resolution. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be voted against the SOP Resolution, the persons named in the proxy or voting instruction form will vote FOR the SOP Resolution.

7. Other Matters

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the notice of meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, valid forms of proxy will be voted on such matter in accordance with the best judgment of the persons voting the proxy.

CORPORATE GOVERNANCE DISCLOSURE

Directors

NI 58-101 defines an “independent” director as a director who has no direct or indirect material relationship with the Corporation which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. Certain individuals, including anyone who is, or has been within the last three years, an employee or executive officer of the Corporation, are deemed to have a material relationship with the Corporation. Mr. Goodman, the Executive Chairman of the Corporation, is the only director of the Corporation who is or was in the past three years also a member of management, and is therefore not an independent director of the Corporation for the purposes of NI 58-101. Messrs. Riverin, Szustak, Quinn, and Bovaird are independent directors of the Corporation for the purposes of NI 58-101 as they do not have any business, employment or other relationships with the Corporation.

The following provides a list of reporting issuers on which the director nominees serve:

| Name of Director | Other reporting issuer (or equivalent in a foreign jurisdiction) | Trading Market |
|------------------|--|----------------|
| Mark E. Goodman | Orford Mining Corporation Cedarmont Capital Corp. | CSE |

| Name of Director | Other reporting issuer (or equivalent in a foreign jurisdiction) | Trading Market |
|------------------|--|--|
| Eric Szustak | Quinsam Capital Corporation | CSE |
| Gérald Riverin | Odyssey Resources Ltd. Maple Gold Mines Limited | NEX TSX-V |
| Morgan Quinn | None | N/A |
| J. Birks Bovaird | Bucaneer Gold Corp. Energy Fuels Inc. Noble Mineral Exploration Inc. GTA Financecorp Inc. | CSE TSX, NYSE TSX-V Not listed. |

Orientation and Continuing Education

The CEO is responsible for providing an orientation and education program for new directors of the Corporation. New directors are given the opportunity to become familiar with the Corporation by meeting with the other directors and with the other officers of the Corporation. As each director has a different skill set and professional background, orientation and training activities are tailored to the particular needs and experience of each director.

Ethical Business Conduct

The CEO of the Corporation or the Board as a whole, as appropriate, from time to time provide officers and directors of the Corporation guidance in properly recognizing and resolving any legal or ethical issues that they may encounter while conducting the business of the Corporation.

Nominations

The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Board does not believe that a separate nominating committee is warranted at the present time. The Board considers its size each year when management prepares its nominees of candidates to be elected at the annual meeting of shareholders. The Board has determined that six is the appropriate number of directors at the present time, taking into account the number required for the Board to carry out its duties effectively while maintaining a diversity of views and experience. The size of the Board may vary from time to time in the future in accordance with the growth and needs of the Corporation.

Compensation

Please refer to the section above titled “*Compensation Discussion and Analysis*” for information relating to the process for determining compensation for the directors and the officers of the Corporation.

Assessments

The directors of the Corporation as a whole conduct a self-evaluation at least annually to assess the level of effectiveness of each director. In addition, the directors of the Corporation as a whole periodically consider the mix of skills and experience that directors bring to the Corporation to assess on an ongoing

basis whether the directors of the Corporation have the necessary skills to perform their oversight function effectively.

Audit Committee

The members of the audit committee of the Corporation (the “**Audit Committee**”) are Eric Szustak (Chair), Birks Bovaird and Morgan Quinn. Messrs. Szustak, Bovaird and Quinn are independent, as such term is defined in National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), and all members of the Audit Committee are financially literate, meaning that each has the ability to read and understand a set of 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 Corporation’s financial statements.

Relevant Education and Experience

Mr. Szustak is a Chartered Professional Accountant and financial consultant with over fourteen years experience working in the mining and exploration field. He presently serves as Chief Financial Officer for James Bay Resources Limited. Mr. Szustak has held numerous positions with junior exploration companies during his career.

Mr. Bovaird was previously the Vice President of Corporate Finance for one of Canada’s major accounting firms. His background experience provides him with an excellent understanding of financial statement analysis as well as controls and procedures for financial reporting.

Mr. Quinn is a professional geologist with many years of experience in the exploration business.

The Audit Committee Charter

The full text of the Audit Committee charter (the “**Charter**”) is attached hereto as Schedule “A”.

The mandate of the Audit Committee is to:

- review and recommend approval by the directors of the Corporation of annual and interim financial statements;
- review and recommend approval by the directors of the Corporation of annual and interim management discussion and analysis disclosure;
- review all public disclosure by the Corporation which contains financial information;
- recommend the appointment and the compensation of the external auditors of the Corporation;
- assess internal controls appropriate for the Corporation; and
- pre-approve all non-audit engagements of the external auditors of the Corporation.

Audit Committee Oversight

At no time during the last financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the external auditors of the Corporation not been adopted by the Board.

Pre-Approval Policies and Procedures

The Charter requires the Audit Committee to pre-approve all non-audit engagements of the auditor or to adopt specific policies and procedures for the engagement of the external auditor for the purposes of the

provision of non-audit services. To date, no such policies or procedures have been implemented, however, the Audit Committee continues to pre-approve all non-audit engagements of the auditor.

External Auditor Services Fees (By Category)

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

| Financial Year Ending | Audit Fees⁽¹⁾ | Audit Related Fees⁽²⁾ | Tax Fees⁽³⁾ | All Other Fees⁽⁴⁾ |
|------------------------------|---------------------------------|---|-------------------------------|-------------------------------------|
| December 31, 2020 | \$18,000 | Nil | \$2,500 | Nil |
| December 31, 2019 | \$15,000 | Nil | \$2,500 | Nil |

Notes:

- (1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual financial statements.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) No other fees were billed by the auditor of the Corporation other than those listed in the other columns.

Exemption

Since the Corporation is a "Venture Issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the United States of America), it is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Other Committees

Technical Advisory Committee

The Technical Advisory Committee of the Corporation consists of two directors, being Messrs. Gérald Riverin and Morgan Quinn. The Technical Advisory Committee meets to review projects and perform site visits as deemed necessary. Mr. Riverin chairs the Technical Advisory Committee.

Compensation Committee

The Compensation Committee consists of two members, being Messrs. Eric Szustak and Mark Goodman. The Compensation Committee determines the compensation of the Corporation's directors and officers. Please refer to the section above titled "*Compensation Discussion and Analysis*" for information relating to the process for determining compensation for the directors and the officers of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There have been no transactions entered into or which are proposed to be entered into which have materially affected or will materially affect the Corporation or any subsidiary thereof involving an insider of the Corporation, a proposed nominee for election as a director of the Corporation or any associate or affiliate of any such insider or proposed nominee.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be obtained under the Corporation's profile on SEDAR at www.sedar.com. Further financial information is provided by the audited annual financial statements of the Corporation for the financial year ended December 31, 2020 and related management's discussion and analysis of results which accompany this Management Information Circular and have also

been filed on SEDAR. Shareholders may also contact the President of the Corporation by phone at (416) 931-2243 or by e-mail at jtimmmons@stonegold.ca to request a copy of these documents.

APPROVAL

The contents of this Management Information Circular and the sending thereof to the shareholders of the Corporation have been approved by the directors of the Corporation.

DATED at Toronto, Ontario as of the 19th day of May 2021.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "John Timmons"

John Timmons
President & Chief Executive Officer

SCHEDULE A
STONE GOLD INC.

Charter

Audit Committee of the Board of Directors

March 11, 2005

Mandate

A. Role and Objective

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of Stone Gold Inc. (the “**Corporation**”) established for the purpose of overseeing the accounting and financial reporting process of the Corporation and external audits of the consolidated financial statements of the Corporation. In connection therewith, the Committee assists the Board in fulfilling its oversight responsibilities in relation to the Corporation’s internal accounting standards and practices, financial information, accounting systems and procedures, financial reporting and statements and the nature and scope of the annual external audit. The Committee also recommends for Board approval, the Corporation’s audited annual consolidated financial statements and other mandatory financial disclosure.

The Corporation’s external auditor is accountable to the Board and the Committee as representatives of the shareholders of the Corporation. The Committee shall be directly responsible for overseeing the relationship of the external auditor. The Committee shall have such access to the external auditor as it considers necessary or desirable in order to perform its duties and responsibilities. The external auditor shall report directly to the Committee.

The objectives of the Committee are to:

1. Be satisfied with the credibility and integrity of financial reports;
2. Support the Board in meeting its oversight responsibilities in respect of the preparation and disclosure of financial reporting, including the consolidated financial statements of the Corporation;
3. Facilitate communication between the Board and the external auditor and to receive all reports of the external auditor directly from the external auditor;
4. Be satisfied with the external auditor’s independence and objectivity; and
5. Strengthen the role of independent directors by facilitating in-depth discussions between members of the Committee, management and the Corporation’s external auditor.

B. Composition

1. The Committee shall comprise at least three directors, the majority of whom shall be independent directors. Each independent Committee member shall satisfy the independence, financial literacy and experience requirements of applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the Board.
2. Members of the Committee shall be appointed by the Board. Each member shall serve until his/her successor is appointed, unless he/she shall resign or be removed by the Board or he/she shall otherwise cease to be a director of the Corporation. The Board shall fill any vacancy if the membership of the Committee is less than three directors.
3. The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership. The Committee Chair shall satisfy independence (as described above B.1), financial literacy and experience requirements.
4. The Committee shall have access to such officers and employees of the Corporation and to such information respecting the Corporation as it considers to be necessary or advisable in order to perform its duties and responsibilities. The Committee shall have the authority to engage and compensate an outside adviser.

C. Meetings

1. The Committee shall meet at least four times annually at such times and at such locations as the Chair of the Committee shall determine. Any two members of the Committee may also request a meeting of the Committee.
2. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other.
3. The Chair shall, in consultation with management, establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Committee with sufficient time for study prior to the meeting.
4. Every question at a Committee meeting shall be decided by a majority of the votes cast.
5. Each of the Chief Executive Officer and Chief Financial Officer of the Corporation shall be available to advise the Committee, shall receive notice of all meetings of the Committee and may attend meetings at the invitation of the Chair of the Committee. The Chair of the Committee shall hold *in camera* sessions of the Committee, without management present, at every meeting.
6. A Committee member, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.
7. The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All information

reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request to the Chair.

8. The Committee shall meet periodically with the external auditor (in connection with the preparation of the annual financial statements and otherwise as the Committee may determine), part or all of each such meeting to be in the absence of management.

D. Responsibilities

The Committee is established to assist the Board in fulfilling its oversight responsibilities with respect to the accounting and financial reporting processes of the Corporation and external audits of the Corporation's consolidated financial statements. In that regard, the Committee shall:

1. Satisfy itself on behalf of the Board with respect to the Corporation's internal control systems including identifying, monitoring and mitigating business risks as well as compliance with legal, ethical and regulatory requirements. The Committee shall also review with management, the external auditor and, if necessary, legal counsel, any litigation, claim or other contingency (including tax assessments) that could have a material effect on the financial position or operating results of the Corporation (on a consolidated basis), and the manner in which these matters may be, or have been, disclosed in the financial statements;
2. Review with management and the external auditor the annual consolidated financial statements of the Corporation, the reports of the external auditor thereon and related financial reporting, including Management's Discussion and Analysis and earnings press releases (collectively, the "**Annual Financial Disclosure**") prior to their submission to the Board for approval. This process should include, but not be limited to:
 - (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future year's financial statements;
 - (b) reviewing significant accruals, reserves or other estimates;
 - (c) reviewing accounting treatment of unusual or non-recurring transactions;
 - (d) reviewing disclosure requirements for commitments and contingencies;
 - (e) reviewing financial statements and all items raised by the external auditor, whether or not included in the financial statements; and
 - (f) reviewing unresolved differences between the Corporation and the external auditor.

Following such review, the Committee shall recommend to the Board for approval all Annual Financial Disclosure;

3. Review with management all interim consolidated financial statements of the Corporation and related financial reporting including Management's Discussion and Analysis and earnings press releases (collectively, the "**Quarterly Financial Disclosure**") and approve all Quarterly Financial Disclosure;

4. Be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than Annual Financial Disclosure or Quarterly Financial Disclosure, and shall periodically assess the adequacy of those procedures;
5. Review with management and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus or other disclosure document of the Corporation;
6. Review with management and recommend to the Board for approval, the Corporation's Annual Information Form (if any);
7. With respect to the external auditor:
 - (a) receive all reports of the external auditor directly from the external auditor;
 - (b) discuss with external auditor:
 - (i) critical accounting policies;
 - (ii) alternative treatments of financial information within GAAP discussed with management (including the ramifications thereof and the treatment preferred by the external auditor); and
 - (iii) other material, written communication between management and the external auditor;
 - (c) consider and make a recommendation to the Board as to the appointment or reappointment of the external auditor, being satisfied that such auditor is a participant in good standing pursuant to applicable securities laws;
 - (d) review the terms of engagement of the external auditor, including the appropriateness and reasonableness of the auditor's fees and make a recommendation to the Board as to the compensation of the external auditor;
 - (e) when there is to be a replacement of the external auditor, review with management the reasons for such replacement and the information to be included in any required notice to securities regulators and recommend to the Board for approval the replacement of the external auditor along with the content of any such notice;
 - (f) oversee the work of the external auditor in performing its audit or review services and oversee the resolution of any disagreements between management and the external auditor;
 - (g) review and discuss with the external auditor all significant relationships that the external auditor and its affiliates have with the Corporation and its affiliates in order to determine the external auditor's independence, including, without limitation:
 - (i) requesting, receiving and reviewing, on a periodic basis, written or oral information from the external auditor delineating all relationships that may

- reasonably be thought to bear on the independence of the external auditor with respect to the Corporation;
- (ii) discussing with the external auditor any disclosed relationships or services that the external auditor believes may affect the objectivity and the independence of the external auditor; and
 - (iii) recommending that the Board take appropriate action in response to the external auditor's information to satisfy itself of the external auditor's independence;
- (h) as may be required by applicable securities laws, rules and guidelines, either:
- (i) pre-approve all non-audit services to be provided by the external auditor to the Corporation (and its subsidiaries, if any), or, in the case of *de minimus* non-audit services, approve such non-audit services prior to the completion of the audit; or
 - (ii) adopt specific policies and procedures for the engagement of the external auditor for the purposes of the provision of non-audit services;
- (i) review and approve the hiring policies of the Corporation regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
8. (a) establish procedures for:
- (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters (see attached Whistleblower Policy); and
- (b) review with external auditor its assessment of the internal controls of the Corporation, its written reports containing recommendations for improvement, and the Corporation's response and follow-up to any identified weaknesses;
9. with respect to risk management, be satisfied that the Corporation has implemented appropriate systems of internal control over financial reporting (and review senior management's assessment thereof) to ensure compliance with any applicable legal and regulatory requirements;
10. review annually with management and the external auditor and report to the Board on insurable risks and insurance coverage; and
11. engage independent counsel and other advisors as it determines necessary to carry out its duties and set and pay the compensation for any such advisors.