



**NOTICE AND MANAGEMENT INFORMATION CIRCULAR  
OF THE  
2023 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
OF  
NEXTSOURCE MATERIALS INC.  
TO BE HELD ON  
TUESDAY, DECEMBER 5, 2023**



**NEXTSOURCE MATERIALS INC.  
NOTICE OF THE 2023 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

I am pleased to give you notice that the 2023 Annual and Special Meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common shares (the “**Shares**”) of NextSource Materials Inc. (the “**Company**”) will be held virtually via Teams webcast on Tuesday, December 5, 2023 at 9:00 a.m. (Toronto time) for the following purposes:

1. Receive the financial statements of the Company for the fiscal year ended June 30, 2023 and the Auditors’ Report thereon.
2. Elect seven (7) directors of the Company, each to hold their offices until the next annual meeting of the Shareholders or until their successors have been duly elected and qualified or until the earlier of their resignation, removal, or death.
3. Approve the re-appointment of MNP LLP, Chartered Professional Accountants, as the Company’s auditors for the fiscal year ending June 30, 2024 and authorize the Board of Directors to fix their remuneration.
4. To re-approve, in accordance with the policies of the Toronto Stock Exchange, the Company’s long-term incentive plan and approve unallocated awards issuable thereunder.
5. Transact other business as may properly come before the Meeting or any adjournments thereof.

The details of the matters to be acted upon at the Meeting are set forth in the accompanying Management Information Circular dated October 24, 2023 (the “**Circular**”). The Board of Directors has fixed the close of business on October 24, 2023 at 5:00 p.m. (Toronto time) as the record date for the Meeting (the “**Record Date**”). Subject to certain exceptions, only Registered Shareholders on the Record Date are entitled to notice of, and to vote at, the Meeting.

The Company will be using the notice-and-access model provided under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**Notice and Access**”) for the delivery of the Circular and other related materials of the Meeting (the “**Meeting Materials**”) to Shareholders. Under *Notice and Access*, instead of receiving printed copies of the Meeting Materials, Shareholders receive a package (the “**Notice and Access Package**”) in the mail containing: (i) information on the Meeting date, location, and purpose; (ii) a form of proxy or voting instruction form so Shareholders can vote their Shares; and (iii) information on how they may electronically access the Meeting Materials. However, the Company will mail paper copies of the Meeting Materials to those Registered and Non-Registered Shareholders who have previously elected to receive paper copies of the Meeting Materials. All the Meeting Materials will be available electronically at <https://docs.tsxtrust.com/2084> and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) on or about November 2, 2023 and will remain on the website for one full year thereafter. Meeting Materials are also available on the Company website and are available upon request, without charge, by e-mail at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com), by calling toll-free 1-866-600-5869 or by following the instructions on their form of proxy or voting instruction form. Requests must be received at least 5 business days prior to the proxy cut-off date.

*ALL SHAREHOLDERS ARE ENCOURAGED TO VOTE IN ADVANCE USING [VOTEPROXYONLINE.COM](http://VOTEPROXYONLINE.COM) OR BY RETURNING THE FORM OF PROXY/VOTING INSTRUCTION FORM.*

If you hold your Shares directly in your name with the Company’s transfer agent (that is, as a “**Registered Shareholder**”), the Notice and Access Package has been sent directly to you at the address on file with TSX Trust Company. Registered Shareholders are encouraged to submit your proxy votes online through [voteproxyonline.com](http://voteproxyonline.com) using the control number that has been provided on the form of proxy/voting instruction form. Registered Shareholders that have not voted prior to the Meeting will be permitted to vote their Shares during the Meeting.

If you hold your Shares in “street name” through a broker, bank, or other nominee (that is, as a “**Non-Registered Shareholder**”), your broker, bank, or other nominee is the Registered Shareholder and should have received the Notice and Access Package on your behalf. As a Non-Registered Shareholder, you have the right to direct your broker, bank, or other nominee on how to vote your Shares by using the voting instruction form included in the Notice and Access Package, or as otherwise provided to you. Non-Registered Shareholders that have not voted prior to the Meeting will not be permitted to vote their Shares during the Meeting.

All Shareholders that would like to attend the Meeting can join **ELECTRONICALLY** by logging into the Teams webcast through <https://www.microsoft.com/en-ca/microsoft-teams/join-a-meeting> and by entering Meeting Room ID 28193665572. Prior to attending, all attendees must request the meeting PASSCODE by sending an email that includes your full name (as it appears on your form of proxy/voting instruction form) to [info@nextsourcematerials.com](mailto:info@nextsourcematerials.com) at least three (3) business days prior to the Meeting date.

The Meeting may be adjourned without providing further notice other than announcement at the Meeting or any adjournment thereof. Any matters to be acted upon at the Meeting may be transacted at any such adjourned Meeting.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) “Craig Scherba”*

Craig Scherba,  
Director, President and Chief Executive Officer



**NEXTSOURCE MATERIALS INC.  
MANAGEMENT INFORMATION CIRCULAR  
FOR THE 2023 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**INTRODUCTION**

**General**

This Management Information Circular (the “**Circular**”) is provided in connection with the solicitation by or on behalf of management of the Company by the board of directors (the “**Board**”) of NextSource Materials Inc. (“**NextSource**” or the “**Company**”) of proxies for use at the Annual and Special Meeting of Shareholders to be held on December 5, 2023 (the “**Meeting**”).

Unless otherwise stated, the information contained in this Circular is as of October 24, 2023. All dollar amounts referenced herein, unless otherwise indicated, are expressed in United States dollars and Canadian dollars are referred to as “CAD”.

Unless otherwise stated, all references in this Circular and the accompanying form of proxy and notice of meeting to “**Shareholders**” are to shareholders on the Record Date (as defined herein) and “**Shares**” are to the common shares of the Company.

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

The Company has engaged the TSX Trust Company, to handle the setup, mailing and tabulation of proxies in relation to the Meeting.

Our principal business office is located at 130 King Street West, Exchange Tower Suite 1940, Toronto, Ontario, Canada M5X 2A2.

**Notice-and-Access**

The Company will be using the notice and access model (“**Notice and Access**”) provided under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) for the delivery of the Circular and other related materials of the Meeting (the “**Meeting Materials**”) to Shareholders for the Meeting. Under Notice and Access, instead of receiving printed copies of the Meeting Materials, Shareholders receive a package (the “**Notice and Access Package**”) in the mail containing: (i) information on the Meeting date, location and purpose; (ii) a form of proxy or voting instruction form so Shareholders can vote their Shares; and (iii) information on how they may electronically access the Meeting Materials. However, the Company will continue to mail paper copies of the Meeting Materials to those Shareholders who have previously elected to receive paper copies of the Meeting Materials.

**Meeting Materials**

All of the Meeting Materials will be available electronically at <https://docs.tsxtrust.com/2084> and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) on or about November 2, 2023 and will remain on the website for one full year thereafter. Meeting Materials are also available on the Company website and are available upon request, without charge, by e-mail at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com), by calling toll-free 1-866-600-5869 or by following the instructions on their form of proxy or voting instruction form. Requests must be received at least 5 business days prior to the proxy cut-off date.

**Attending the Meeting**

All Shareholders that would like to attend the Meeting can join **ELECTRONICALLY** by logging into the Teams webcast through <https://www.microsoft.com/en-ca/microsoft-teams/join-a-meeting> and by entering Meeting Room ID 28193665572. Prior to attending, all attendees must request the meeting PASSCODE by sending an email that includes your full name (as it appears on your form of proxy/voting instruction form) to [info@nextsourcematerials.com](mailto:info@nextsourcematerials.com) at least three (3) business days prior to the Meeting date.

**Quorum**

The presence in person or by proxy of two persons holding at least ten percent (10%) of the outstanding Shares of the Company constitutes a quorum for the Meeting. There are no cumulative voting rights. The scrutineer who will be appointed for the Meeting will tabulate votes cast by proxy or in person and will determine if a quorum is present.

**Currency Information**

In this Circular, references to: (i) “CAD\$” are to Canadian dollars; (ii) “USD\$” are to United States dollars; and (iii) “GBP£” are to British pound sterling. Unless otherwise indicated, conversion from CAD\$ to USD\$ uses an exchange rate of CAD\$1.00 = USD\$0.74 and conversion from GBP£ to USD\$ uses an exchange rate of GBP£1.00 = USD\$1.23.

## REVOCABILITY OF PROXIES

A Registered Shareholder may revoke a proxy at any time prior to your proxy being voted: (i) by delivering to the Company’s President and Chief Executive Officer, prior to the Meeting, a written notice of revocation bearing a later date or time than the proxy; or (ii) by timely delivery of a valid, later dated proxy; or (iii) by electronically attending the Meeting and voting in person. Attendance at the Meeting will not by itself constitute revocation of a proxy. If an adjournment occurs, it will have no effect on the ability of Registered Shareholders as of the Record Date to exercise their voting rights or to revoke any previously delivered proxies. We do not expect to adjourn the Meeting for a long enough period to require the setting of a new record date.

## PERSONS MAKING THE SOLICITATION

This Circular is being sent to the Shareholders of NextSource in connection with the solicitation by, or on behalf of management of the Company by its Board, in connection with the Meeting to be held on December 5, 2023 at 9:00 a.m. (Toronto time), or at any adjournment or postponement thereof.

Proxies are solicited primarily by mail but may also be solicited personally, by telephone or electronically by the regular employees of the Company at nominal costs. The Company will pay the cost of solicitation of proxies on behalf of the Board. In addition to mail, proxy solicitation may be made through other means, including by telephone, electronically, and personal interview by officers, directors, and employees. The Company does not intend to pay for an intermediary to deliver to Objecting Beneficial Owners, or “**OBOs**” (within the meaning of such term under NI 54-101, the proxy-related materials and Form 54-101F7), and therefore OBOs will not receive the materials unless their intermediary assumes the costs of delivery. The Company is sending proxy related material to Non-Objecting Beneficial Owners.

## PROXY INSTRUCTIONS

The persons named in the enclosed form of proxy or voting instruction form are directors and/or officers of the Company (the “**Management Proxies**”). Shareholders are encouraged to appoint the Management Proxies.

**Shareholders have the right to appoint another person or company (who need not be a Shareholder) other than the Management Proxies designated in the accompanying form of proxy or voting instruction form, to represent the Shareholder at the Meeting.** The right to appoint proxies may be exercised by inserting the name of such person or company in the blank space provided in the proxy or by completing another proper form of proxy or voting instruction form.

The completed proxy can be delivered by voting online through [voteproxyonline.com](https://www.voteproxyonline.com) and using the control number provided on the form of proxy/voting information form. The completed proxy can also be delivered to the TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada, M5H 4H1, Attention: Proxy Department, by December 1, 2023 at 9:00 a.m. (Toronto time).

*ALL SHAREHOLDERS ARE ENCOURAGED TO VOTE IN ADVANCE USING [VOTEPROXYONLINE.COM](https://www.voteproxyonline.com) OR BY RETURNING THE FORM OF PROXY/VOTING INSTRUCTION FORM BY MAIL.*

### Voting Instructions for Registered Shareholders

If you hold your Shares directly in your name with the Company’s transfer agent (that is, as a “**Registered Shareholder**”), the Notice and Access Package has been sent directly to you at the address on file with TSX Trust Company.

If you are a Registered Shareholder, you can vote your Shares using any one of the following methods:

1. In advance via the internet at [www.voteproxyonline.com](https://www.voteproxyonline.com);
2. In advance by signing and returning the enclosed form of proxy appointing the named persons or some other person you choose, who need not be a Shareholder, to represent you as proxyholder and vote your Shares at the Meeting;
3. By attending and voting during the Meeting. Shareholders should allow ample time to log into the Meeting and register with the scrutineer.

Registered Shareholders are encouraged to submit your proxy votes online through [voteproxyonline.com](https://www.voteproxyonline.com) using the control number that has been provided on the form of proxy/voting instruction form. You can also complete, date, sign and return the accompanying form of proxy/voting instruction form in the enclosed envelope to the TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada, M5H 4H1, Attention: Proxy Department, prior to 9:00 a.m. (Toronto time) on December 1, 2023. Registered Shareholders that have not voted prior to the meeting will be permitted to vote their Shares during the Meeting. The grant of a proxy on the enclosed form of proxy or voting instruction form does not preclude a Registered Shareholder from attending the Meeting or voting in person.

Registered Shareholders that have not already voted online or by proxy will be permitted to vote their Shares during the Meeting by voting when prompted during the Meeting.

### **Voting Instructions for Non-Registered Shareholders**

If you hold your Shares in "street name" through a broker, bank, or other nominee (that is, as a "**Non-Registered Shareholder**"), your broker, bank, or other nominee is the Registered Shareholder and should have received the Notice and Access Package on your behalf. As a Non-Registered Shareholder, you have the right to direct your broker, bank, or other nominee on how to vote your Shares by using the voting instruction form included in the Notice and Access Package, or as otherwise provided to you. If you have not received any voting instructions, you are encouraged to contact your broker, bank, or other nominee and provide instructions on how to vote your Shares.

Non-Registered Shareholders that have not voted prior to the meeting will not be permitted to vote their Shares during the Meeting.

### **Manner of Voting by Management Proxies**

Shares voted by management proxies will be voted at the Meeting in accordance with the instructions contained in the form of proxy or voting instruction form. Your Shares will be voted for or against all resolutions set forth in this Circular in accordance with your instructions on any ballot that may be called for and, if you specify a choice with respect to any matter to be acted upon, your Shares will be voted accordingly.

*IF YOU RETURN A SIGNED FORM OF PROXY OR VOTING INSTRUCTION FORM WITHOUT INDICATING YOUR VOTES, YOUR SHARES WILL BE VOTED "FOR" ALL RESOLUTIONS SET FORTH IN THIS CIRCULAR.*

### **Voting Cut-Off Date**

The proxy cut-off date for Shares to be voted in advance of the Meeting will be December 1, 2023 at 9:00 a.m. (Toronto time).

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

No director or officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year-end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter of business to be acted upon at the Meeting, other than the election of directors of the Company and in respect of the LTIP Plan Resolution (as defined herein).

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

The Company is authorized to issue an unlimited number of Shares. As of the date of this Circular, the Company had 155,574,507 issued and outstanding Shares. Shareholders have one vote per Share on each matter to be acted upon at the Meeting.

The Board has fixed the close of business on October 24, 2023 at 5:00 p.m. (Toronto time) as the record date for the Meeting (the "**Record Date**"). Shareholders on the Record Date are entitled to receive this Circular and to vote at the Meeting and at any adjournment or postponement thereof, except to the extent that: (i) any such person transfers their after the Record Date; and (ii) the transferee of those Shares produces properly endorsed share certificates or otherwise establishes the transferee's ownership of the Shares and makes a demand to the registrar and transfer agent of the Company, not later than 10 days before the Meeting, that the transferee's name be included on the Shareholders' list for the Meeting. A list of the Shareholders entitled to vote at the Meeting will be available at the Meeting and for 10 days prior to the Meeting, for purposes connected to the Meeting, between the hours of 9:00 a.m. and 4:30 p.m. (Toronto time) at the Company's principal office at 130 King Street West, Exchange Tower, Suite 1940, Toronto, Ontario, Canada M5X 2A2.

To the knowledge of the Company, with the exception of Vision Blue Resources Limited ("**Vision Blue**"), as of the date of this Circular, no director, executive officer, or person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of outstanding voting securities of the Company. As of the date of this Circular, Vision Blue is the beneficial owner of 72,580,072 Shares representing approximately 46.6% of the issued and outstanding Shares.

### **SHAREHOLDER PROPOSALS**

Under the *Canada Business Corporations Act* (the "**CBCA**"), the Company is required to accept shareholder proposals for matters to be acted upon at the Meeting 90 to 150 days before the anniversary of our last annual meeting, which was held on December 5, 2022. As a result, the deadline to receive a shareholder proposal was September 30, 2023. As at the date hereof, the Company had not received notice of any shareholder proposals in connection with the Meeting.

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

#### **1. FINANCIAL STATEMENTS**

The audited financial statements of the Company for the year ended June 30, 2023, together with the auditor's report thereon, will be presented to the Shareholders at the Meeting. The Company's audited financial statements and management discussion and analysis are on available on the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## 2. **ELECTION OF DIRECTORS**

The Company is required to elect directors annually, elect directors individually and publicly disclose the votes received "for" and "against" the election of each nominee director. Directors of the Company will hold their offices until the next annual meeting of Shareholders or until their successors have been duly elected and qualified or until the earlier of resignation, removal of office or death.

### **Advance Notice Provision**

The Company's by-laws include an advance notice provision for nominations of directors by Shareholders. A copy of the Company's advance notice provision is available on the Company's website at [www.nextsourcematerials.com](http://www.nextsourcematerials.com) under the "Corporate Governance" section. As at the date hereof, the Company had not received notice of any director nominations in connection with the Meeting.

### **Majority Voting**

The Company is subject to the statutory majority voting requirements under the CBCA (the "**CBCA Majority Voting Requirements**"), which became effective on August 31, 2022. As a result of the implementation of the CBCA Majority Voting Requirements, the Company has repealed its majority voting policy and is now solely governed by the CBCA Majority Voting Requirements. In accordance with the CBCA Majority Voting Requirements, directors stand for election each year at the annual meeting of Shareholders, and a separate vote of Shareholders is taken with respect to each candidate nominated for director. If there is an uncontested election, each candidate is elected only if the number of votes cast in their favor represents a majority of the votes cast for and against them by the Shareholders who are present in person or represented by proxy at the meeting. If an incumbent director is not re-elected in an uncontested election, the director may continue in office until the earlier of (i) the 90th day after the day of the election; and (ii) the day on which their successor is appointed or elected. Majority voting will not apply in the case of a contested election of directors, in which case the directors will be elected by a plurality of votes of the shares represented in person or by proxy at the meeting and voted on the election of directors.

### **Nominees for Election to the Board of Directors**

The following table sets forth information relating to the seven (7) nominees for election to the Board.

| <b>Name</b>                                                     | <b>Age</b> | <b>Company Position</b>                           | <b>Principal Occupation <sup>(1)</sup></b>                                               | <b>Director Since</b> | <b># and % of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(2)</sup></b> |
|-----------------------------------------------------------------|------------|---------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------|
| Sir Michael Davis<br>(London, UK)                               | 65         | Chair of the Board of Directors                   | CEO of Vision Blue Resources Limited                                                     | March 2021            | 72,580,072 <sup>(8)</sup><br>(46.6%)                                                                              |
| Craig Scherba <sup>(6)</sup><br>(Riviere Noire, Mauritius)      | 51         | Director, and President & Chief Executive Officer |                                                                                          | January 2010          | 445,993<br>(0.2%)                                                                                                 |
| Brett Whalen <sup>(3)</sup><br>(Markham, ON, Canada)            | 48         | Director                                          | Professional investor, Director of Sernova Corp.                                         | July 2020             | 1,025,000<br>(0.65%)                                                                                              |
| Robin Borley <sup>(6)</sup><br>(Johannesburg, South Africa)     | 55         | Director, and Chief Operating Officer             |                                                                                          | December 2013         | 1,249,563<br>(0.8%)                                                                                               |
| Christopher Kruba <sup>(3)(4)(5)</sup><br>(Windsor, ON, Canada) | 48         | Director                                          | Vice-President and Senior Counsel of Nostrum Capital Corporation                         | December 2019         | 360,000<br>(0.2%)                                                                                                 |
| Ian Pearce <sup>(3)(6)</sup><br>(Toronto, ON, Canada)           | 66         | Director                                          | Chair of the Board of Directors of Newgold Inc., Northland Power Inc., and Metso Outotec | July 2021             | 33,236<br>(0.02%)                                                                                                 |

|                                                         |    |         |                                                                                                                                 |  |                |
|---------------------------------------------------------|----|---------|---------------------------------------------------------------------------------------------------------------------------------|--|----------------|
| Martina Buchhauser <sup>(7)</sup><br>(Gauting, Germany) | 57 | Nominee | Senior advisor of H&Z Management Consulting and non-executive director of Innovative Aluminum Engineering and of Plastic Omnium |  | Nil<br>(0.00%) |
|---------------------------------------------------------|----|---------|---------------------------------------------------------------------------------------------------------------------------------|--|----------------|

(1) Other than Company Position as described by the respective individual.

(2) The number of securities beneficially owned or controlled or directed, directly or not directly, is not within the knowledge of the Company and has been furnished by the respective individual.

(3) Ian Pearce, Brett Whalen, and Christopher Kruba are independent directors of the Company.

(4) The members of the Audit Committee are Christopher Kruba (Chair), Brett Whalen, and Ian Pearce.

(5) The members of the Governance Committee are Brett Whalen (Chair), Christopher Kruba, and Ian Pearce.

(6) The members of the Sustainability Committee are Ian Pearce (Chair), Craig Scherba and Robin Borley.

(7) Nominee director.

(8) These represent the Shares owned by Vision Blue.

## Biographies of the Nominees to the Board of Directors

### *Sir Michael (Mick) Davis (London, UK)*

Sir Michael Davis has been a director since March 2021. Mr. Davis is a highly successful mining executive credited with building Xstrata Plc into one of the world's largest global diversified mining and metals companies prior to its acquisition by Glencore Plc. Mr. Davis also served as CFO of Billiton Plc, Chairman of Billiton Coal, and as CFO of Eskom. During his career in mining, he has raised over US\$40 billion from global capital markets and successfully completed over US\$120 billion of corporate transactions, including the creation of the Ingwe Coal Corporation in South Africa; the listing of Billiton on the London Stock Exchange; the merger of BHP and Billiton; as well as numerous transactions at Xstrata culminating in the sale to Glencore Plc. Sir Mick Davis is a Chartered Accountant by profession and holds an honours degree in Commerce from Rhodes University, South Africa and an Honorary Doctorate from Bar Ilan University, Israel.

### *Craig Scherba, P.Geol. (Riviere Noire, Mauritius)*

Mr. Scherba was appointed as the President and Chief Executive Officer of the Company in August 2015 and has been a director since January 2010. Mr. Scherba served as President and Chief Operating Officer from September 2012 to August 2015 and Vice President, Exploration of the Company from January 2010 to September 2012. Mr. Scherba has been a professional geologist (P. Geol.) since 2000, and his expertise includes supervising large Canadian and international exploration. Mr. Scherba also serves as Vice President, Exploration of MacDonald Mines Exploration Ltd, Red Pine Exploration Inc. and Honey Badger Exploration Inc. which are resource exploration companies trading on the TSX Venture Exchange. In addition, Mr. Scherba was professional geologist with Taiga Consultants Ltd. ("Taiga"), a mining exploration consulting company from March 2003 to December 2009. He was a managing partner of Taiga between January 2006 and December 2009. Mr. Scherba was an integral member of the exploration team that developed Nevsun Resources' high-grade gold, copper and zinc Bisha project in Eritrea. While at Taiga, Mr. Scherba served as the Company's Country and Exploration Manager in Madagascar during its initial exploration stage.

### *Robin Borley (Johannesburg, South Africa)*

Mr. Borley was appointed our Senior Vice President ("SVP") of Mine Development in December 2013 and has been a director since December 2013. Mr. Borley is a Graduate mining engineering professional and a certified mine manager with more than 25 years of international mining experience building and operating mining ventures. He has held senior management positions both internationally and within the South African mining industry. Until October 2014, Mr. Borley served as Mining Director for DRA Mineral Projects. In addition, Mr. Borley was instrumental as the COO of Red Island Minerals in a developing a Madagascar coal venture. His diverse career has spanned resource project management, evaluation, exploration and mine development. Robin has completed several mine evaluations including operational and financial evaluations of new and existing operations across a diverse range of resource sectors. He has experience in the management of underground and surface mining operations from both the contractor and owner miner environments. From 2006 through to 2012, Robin participated in the BEE management buy-out transaction of the Optimum Colliery mining property from BHP, through its independent listing and its ultimate sale to Glencore in December 2012.

### *Brett Whalen (Markham, Canada)*

Brett Whalen has been a director since July 2020 and was appointed as Chair of the Board of Directors from July 2020 to March 2021. Mr. Whalen has over 20 years of investment banking and M&A expertise, spending over 16 of those years at Dundee Corporation (Dundee Corp.). During his tenure at Dundee Corp., Mr. Whalen was directly involved in completing approximately \$2 billion in M&A deals and helped raise over \$10 billion dollars in capital to the resource sector. Mr. Whalen became Vice President and Portfolio Manager of Goodman and Company (a division of Dundee) and was President and CEO of the CMP Group of Companies. Mr. Whalen has held Board seats of several TSX-listed and privately held companies and holds a BA (Honours) degree in Economics and Finance from Wilfrid Laurier University.

### *Christopher Kruba (Windsor, Canada)*

Christopher Kruba has been a director since December 2019. Mr. Kruba is Vice-President and Counsel to Nostrum Capital Corporation and several related corporations that are part of the Toldo Group. The Toldo Group is headquartered in Windsor, Ontario and is composed of several privately held corporations in Canada and the United States, some of which manufacture and operate in diversified sectors and others which are involved in active and passive investments across capital markets throughout North America, Europe and Africa. In addition to his responsibilities as counsel to the Toldo Group Mr. Kruba serves as corporate secretary to all the companies, is a member of group's investment committee and he serves on the board of directors of many of the companies. In his roles Mr. Kruba is involved in capital market decisions, he has lead mergers and acquisitions and he has participated in the management and strategic planning for numerous companies, including venture capital corporations in which the group has invested. Prior to joining the Toldo Group in 2000 Mr. Kruba articulated with and practiced at the law firm of Gignac, Sutts LLP in Windsor, Ontario. Mr. Kruba graduated from the University of Windsor's Faculty of Law in 1998 and has been a Member of the Law Society of Ontario since 1999. Nostrum Capital Corporation and Mr. Kruba personally have been investors in NextSource Materials Inc. since 2011.

*Ian Pearce (Toronto, Canada)*

Ian Pearce has been a director since July 2021. Mr. Pearce is a Corporate Director with over 40 years of professional experience in the global metallurgy and mining related industries. Mr. Pearce held executive roles at Falconbridge Limited, including Chief Operating Officer and subsequently served as Chief Executive Officer of Xstrata Nickel, a subsidiary of Xstrata plc. He has also held senior engineering and project management roles managing numerous significant development projects in the mining extractives sector. Mr. Pearce currently is a Director of New Gold Inc, where he is Chair of the Board, a Director of Metso Outotec Corporation and a Director of Northland Power Inc. Mr. Pearce holds a Higher National Diploma in Engineering (Mineral Processing) from the University of Johannesburg and a Bachelor of Science degree from the University of the Witwatersrand in South Africa. Mr. Pearce's principal occupation is as a corporate director.

*Martina Buchhauser (Gauting, Germany)*

Martina Buchhauser has been a global leader in the automotive industry and its adoption of new technologies and transformation into a responsible and CO2-reduced business. She has held various executive positions at General Motors, MAN truck and bus, BMW and until recently was the Chief Procurement Officer of Volvo Cars and member of its management board. She is a senior advisor of H&Z Management Consulting and is a non-executive director of Innovative Aluminum Engineering and of Plastic Omnium.

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

No directors, nominee directors, or executive officers of the Company: (i) is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that (a) was subject to a cease trade order; an order similar to a cease trade order; or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (ii) is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (iii) has, within the 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, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

As at the date hereof, no directors, nominee directors, or executive officers of the Company has been subject to: (i) 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **Recommendation**

*The Board recommends that Shareholders vote "FOR" the election of each of the nominated directors.*

### **3. RE-APPOINTMENT OF MNP LLP AS AUDITORS**

#### **General Information**

MNP LLP served as auditor for the fiscal year ended June 30, 2023.

#### **Resolution**

At the Meeting, the Shareholders will vote to approve the re-appointment of MNP LLP as the Company's auditors for the fiscal year ending June 30, 2024 and to authorize the Board to fix their remuneration through the following resolution:

**“NOW THEREFORE BE IT RESOLVED:**

1. The re-appointment of MNP LLP, Chartered Professional Accountants, as the Company's auditors for the fiscal year ending June 30, 2024 is hereby approved and that the Board of Directors is authorized to fix their remuneration.”

If Shareholders fail to ratify the selection, it will be considered as a direction to the Board to consider the selection of a different independent registered public accounting firm for the fiscal year ending June 30, 2024. Even if the selection is ratified, the Board in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and Shareholders.

**Recommendation**

*The Board recommends that Shareholders vote “FOR” the re-appointment of MNP LLP as the Company's auditors for the fiscal year ending June 30, 2024 and to authorize the Board to fix their remuneration.*

**4. RE-APPROVAL OF LONG-TERM INCENTIVE PLAN**

**General Information**

On November 18, 2020, the Board adopted a long-term incentive plan for the Company (the “**LTIP Plan**”), which was approved by Shareholders at the annual Shareholders' meeting held on December 29, 2020. The Board adopted the LTIP Plan as a means to grant options (“**Options**”), restricted share units (“**RSUs**”), deferred share units (“**DSUs**”), share appreciation rights (“**SARs**”) and retention awards (“**Retention Awards**”), and together with the Options, the RSUs, the DSUs and the SARs, the “**Awards**”) to directors, officers, senior executives and other employees of the Company or a subsidiary, consultants and service providers providing ongoing services to the Company and its affiliates (“**Eligible Participants**”), and when such Eligible Participants are granted Awards, the “**Participants**”) in order to attract, retain and motivate such persons as individuals whose skills, performance and loyalty to the objectives and interests of the Company are necessary to the Company's success, to incentivize them to continue their services for the Company, and to align their interests with those of the Company.

Under TSX rules, security-based compensation arrangements that are “evergreen plans”, like the LTIP Plan, which contain provisions which provide for the replenishment of the number of securities reserved when Awards are exercised, must be approved by shareholders upon adoption and every three years thereafter. Accordingly, at the Meeting, Shareholders will be asked to approve the LTIP Plan Resolution, as set out below. If approval of the LTIP Plan Resolution is obtained at the Meeting, the Company will not be required to seek further approval of the grant of unallocated Awards under the LTIP Plan until the Company's 2026 annual Shareholders' meeting (provided that such meeting is held on or prior to December 5, 2026).

A summary of the material provisions of the LTIP Plan is set out herein under the heading “*Securities Authorized for Issuance under Equity Compensation Plans – Summary of the Existing Plans – Long-Term Incentive Plan (LTIP Plan)*” and a complete copy of the LTIP Plan is set out in Appendix “C” of this Circular.

**Resolution**

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, the following resolution to approve the Long-Term Incentive Plan (the “**LTIP Plan Resolution**”):

“**WHEREAS** the Board of Directors of the Company approved on November 18, 2020 and the Shareholders approved on December 29, 2020 the adoption of the long-term incentive plan (the “**LTIP Plan**”) of the Company for the benefit of directors, officers, senior executives and other employees of the Company or a subsidiary, consultants and service providers providing ongoing services to the Company and its affiliates;

**WHEREAS** under the LTIP Plan, the total number of Shares reserved and available for grant and issuance pursuant to Awards (as defined under the LTIP Plan), shall not exceed a number of Shares equal to ten percent (10%) of the total issued and outstanding Shares of the Company at the time of granting of Awards (on a non-diluted basis);

**WHEREAS** under TSX rules, security-based compensation arrangements that are “evergreen plans”, like the LTIP Plan, which contain provisions which provide for the replenishment of the number of securities reserved when Awards are exercised, must be approved by shareholders upon adoption and every three years thereafter.

**WHEREAS** the LTIP Plan is set out in Appendix “C” of the management information circular of the Company dated October 24, 2023 (the “**Circular**”);

**NOW THEREFORE BE IT RESOLVED:**

1. the LTIP Plan as set out in the Circular be and is hereby re-approved;

2. all unallocated Awards under the LTIP Plan be and are hereby approved;
3. the Company be and is hereby authorized to grant Awards to acquire up to 10% of the issued and outstanding common shares in the capital of the Company from time to time in accordance with the terms of the LTIP Plan until December 5, 2026, which is the date that is three (3) years from the date of the Shareholder meeting at which Shareholder approval is being sought; and
4. any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

## Recommendation

***The Board recommends that Shareholders vote “FOR” the LTIP Plan Resolution.***

## EXECUTIVE COMPENSATION

Under National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”) and in accordance with Form 51-102F6 – *Statement of Executive Compensation*, the Company is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and the three most highly compensated executive officers, other than the CEO and CFO, who was serving as an executive officer at the end of financial year ended June 30, 2023 and whose total compensation exceeded CAD\$150,000, for that financial year (collectively, “NEO” or the “Named Executive Officers”).

As of the year-ended June 30, 2023, the Company had five individuals that qualified as NEOs: Craig Scherba, President and CEO, Marc Johnson, CFO, Robin Borley, COO, Brent Nykoliation, EVP Corporate Development, and Danniell Stokes, VP Special Projects.

## Compensation Discussion and Analysis

The Governance Committee is responsible for designing the executive compensation program and reviews on an annual basis the cash compensation, performance, and overall compensation package for the Named Executive Officers. The Governance Committee then recommends to the Board changes to the base salary and the awarding of annual incentive bonuses and long-term incentives. The Board then approves any changes to the base salary and the awarding of annual incentive bonuses and long-term incentives.

The key objectives of the executive compensation program are to:

1. Attract and retain high-caliber executives by offering competitive compensation as compared to peer companies in the mining industry that are comparably sized and at a similar stage of development.
2. Ensure the compensation programs are fair and reasonable from the perspective of Shareholders.

The key elements of the compensation program are:

1. Competitive cash compensation consisting of base salary and annual bonuses.
2. Providing an opportunity to participate in the Company’s long-term growth of the Company through the LTIP Plan, which includes the granting of Options and RSUs.
3. Perquisites.

### *Base Salary and Annual Bonuses*

The base salary and annual bonuses, which include cash bonuses and RSUs that vest upon achieving specific milestones, are reviewed at least annually and changes are made as required. To ensure base salaries and annual bonuses are competitive relative to other similar positions within the mining industry in Canada, UK and South Africa, industry surveys of such salaries are examined. Additional considerations include years of experience, the potential contribution which the individual can make towards the success of the Company, the level of responsibility and authority inherent in the job, and the importance of maintaining internal equity within the organization.

### *Long-Term Incentives*

The awarding of Options (exercisable into Shares at a specific exercise price) and RSUs (convertible into Shares upon achieving certain milestones) issued pursuant to the LTIP Plan are long-term incentives that link the compensation of executive officers with the long-term appreciation of the Company’s Share price. These are also used to encourage executive officers to own and hold Shares.

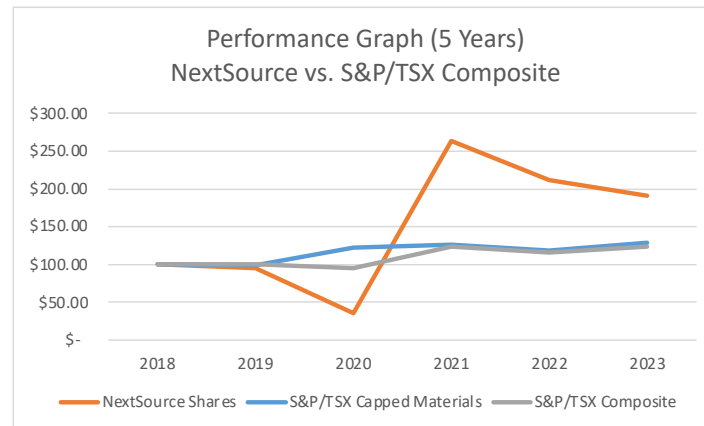
When determining the number of Options and RSUs that should be awarded to each executive officer, the following are taken into consideration: the relative position of the individual officer, the future contributions expected to be made by that officer, and the number of Options and/or RSUs that were previously granted and/or are currently outstanding.

#### *Perquisites and Other Compensation*

Perquisites such as health benefits and other usual perquisites may be provided for executives.

#### **Performance Graph**

The following table and graph compare the total shareholder return for CDN\$100 invested in Shares against the total shareholder return of the S&P/TSX Capped Materials Index and the S&P/TSX Composite Index from June 30, 2018 to June 30, 2023.



| June 30                                   | 2018     | 2019     | 2020     | 2021     | 2022     | 2023     |
|-------------------------------------------|----------|----------|----------|----------|----------|----------|
| <b>NextSource Materials Inc.</b>          | \$100.00 | \$95.00  | \$35.00  | \$264.00 | \$212.00 | \$191.00 |
| <b>S&amp;P/TSX Capped Materials Index</b> | \$100.00 | \$99.00  | \$121.75 | \$125.60 | \$118.18 | \$129.28 |
| <b>S&amp;P/TSX Composite Index</b>        | \$100.00 | \$100.65 | \$95.32  | \$123.89 | \$115.88 | \$123.83 |

The Share price declined in 2020 due to the broad market declines due to the start of the global COVID-19 pandemic. The Share price improved significantly in early 2021 based on the announcement of an investment agreement with Vision Blue to fund construction of Phase 1 of the Molo Graphite Mine. The Share price declined in 2022 due to construction delays for the Molo Graphite Mine. The Share price declined in 2023 due to general stock market weakness and expectations that the Company required additional funding to advance its development projects.

#### **Summary Compensation Table**

The following table is a summary of the compensation paid, directly or indirectly, to the Named Executive Officers of the Company for the three most recently completed financial years ended June 30, 2023. All amounts in the table are reported in USD\$.

| Name and Principal Position                                | Fiscal Year | Salary and Consulting Fees (USD\$) | Option-Based Awards (USD\$) <sup>(1)</sup> | Share-Based Awards (RSUs) (USD\$) <sup>(2)</sup> | Non-Equity Incentive Plan Compensation (USD\$) <sup>(3)</sup> | Pension Value (USD\$) | All Other Compensation (USD\$) <sup>(4)</sup> | Total Compensation (USD\$) |
|------------------------------------------------------------|-------------|------------------------------------|--------------------------------------------|--------------------------------------------------|---------------------------------------------------------------|-----------------------|-----------------------------------------------|----------------------------|
| Craig Scherba, CEO, President, and Director <sup>(A)</sup> | 2023        | 196,559                            | Nil                                        | 50,500 <sup>(5)</sup>                            | Nil                                                           | Nil                   | Nil                                           | 247,059                    |
|                                                            | 2022        | 191,829                            | Nil                                        | 33,063                                           | Nil                                                           | Nil                   | Nil                                           | 224,892                    |
|                                                            | 2021        | 187,111                            | 427,293                                    | 461,130                                          | 20,157                                                        | Nil                   | Nil                                           | 1,095,691                  |
| Marc Johnson, CFO <sup>(B)</sup>                           | 2023        | 147,532                            | Nil                                        | 50,500 <sup>(5)</sup>                            | Nil                                                           | Nil                   | Nil                                           | 198,032                    |
|                                                            | 2022        | 142,807                            | Nil                                        | 80,450                                           | Nil                                                           | Nil                   | 2,278                                         | 225,535                    |
|                                                            | 2021        | 140,673                            | 320,470                                    | 219,989                                          | 4,068                                                         | Nil                   | 1,146                                         | 686,346                    |
| Robin Borley, COO and Director <sup>(C)</sup>              | 2023        | 216,000                            | Nil                                        | 50,500 <sup>(5)</sup>                            | Nil                                                           | Nil                   | Nil                                           | 266,500                    |
|                                                            | 2022        | 196,800                            | Nil                                        | 48,861                                           | Nil                                                           | Nil                   | Nil                                           | 245,661                    |
|                                                            | 2021        | 196,800                            | 320,470                                    | 398,690                                          | 12,094                                                        | Nil                   | Nil                                           | 928,054                    |
| Brent Nykoliati,                                           | 2023        | 147,532                            | Nil                                        | 50,500 <sup>(5)</sup>                            | Nil                                                           | Nil                   | Nil                                           | 198,032                    |

|                                                          |                      |                       |                   |                   |                   |                   |                   |                       |
|----------------------------------------------------------|----------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|
| EVP Corporate Development <sup>(D)</sup>                 | 2022<br>2021         | 142,257<br>140,730    | Nil<br>320,470    | 80,450<br>219,989 | Nil<br>32,252     | Nil<br>Nil        | 3,199<br>4,030    | 225,906<br>717,471    |
| Danniel Stokes,<br>VP Special Projects<br><sup>(E)</sup> | 2023<br>2022<br>2021 | 159,459<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | 159,459<br>Nil<br>Nil |

- (A) The Company has an employment agreement with Mr. Scherba, who receives salary of CAD\$22,000 per month. He is eligible to receive specific cash and RSU bonuses linked to achieving Company milestones. Mr. Scherba does not receive additional compensation for also being a Director of the Company.
- (B) The Company has a management company agreement with Mr. Johnson, who receives consulting fees of CAD\$16,500 per month. He is eligible to receive specific cash and RSU bonuses linked to achieving Company milestones.
- (C) The Company has a management company agreement with Mr. Borley, who receives consulting fees of USD\$18,000 per month. He is eligible to receive specific cash and RSU bonuses linked to achieving Company milestones. Mr. Borley does not receive additional compensation for also being a Director of the Company.
- (D) The Company has an employment agreement with Mr. Nykoliati, who receives salary of CAD\$16,500 per month. He is eligible to receive specific cash and RSU bonuses linked to achieving Company milestones.
- (E) Mr. Stokes became VP Special Projects on August 1, 2022. The Company has an employment agreement with Mr. Stokes, who receives salary of GBP£13,333 per month. He is eligible to receive RSU bonuses linked to achieving Company milestones.
- (1) Represents the fair value of the Options as calculated using the theoretical Black-Scholes option pricing model on the date of the award. All of the Options vested immediately. The Options only have value to the holder if exercised prior to their respective expiration dates while the Options are "in-the-money". If the Options expire unexercised, the realized value could be \$nil.
- (2) Represents the fair value of RSUs that are expected to vest on the RSU vesting measurement date based on the intrinsic value of the RSUs on the date of the award. Each RSU entitles the holder to receive a Share prior to, or on, its expiration date subject to achieving a performance or employment milestone. RSUs only have value if the milestone is achieved prior to or on the measurement date. If the milestone is not achieved, the realized value could be \$nil. For accounting purposes, the fair value is expensed over the vesting period and is subject to remeasurement based on the probability of achieving the milestone and adjustments for potential forfeitures.
- (3) Represents cash bonuses earned during the reporting period.
- (4) Other compensation includes health benefits and other perquisites received during the reporting period.
- (5) Based on 25,000 RSUs and a TSX closing price of CAD\$2.59 (USD\$2.02) on July 28, 2022.

## Incentive Plan Awards

### Value Vested or Earned During the Year

The value vested for Option and Share-based (RSU) awards issued to Named Executive Officers pursuant to the Existing Plans, collectively, and the value earned for non-equity incentive plans during the year ended June 30, 2023 are as follows:

| Name            | Option-based awards value vested during the year (USD\$) | Share-based awards value vested during the year (USD\$) | Non-equity incentive plan compensation value earned during the year (USD\$) |
|-----------------|----------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------|
| Craig Scherba   | Nil                                                      | 136,345 <sup>(1)</sup>                                  | Nil                                                                         |
| Marc Johnson    | Nil                                                      | 136,345 <sup>(1)</sup>                                  | Nil                                                                         |
| Robin Borley    | Nil                                                      | 136,345 <sup>(1)</sup>                                  | Nil                                                                         |
| Brent Nykoliati | Nil                                                      | 136,345 <sup>(1)</sup>                                  | Nil                                                                         |
| Danniel Stokes  | Nil                                                      | Nil                                                     | Nil                                                                         |

- (1) Based on 50,000 RSUs granted on March 19, 2021 that vested on December 31, 2022 at CAD\$2.73 (USD\$2.02) and 25,000 RSUs granted on July 28, 2022 that vested on June 30, 2023 at CAD\$1.91 (USD\$1.41).

### Option-Based Awards Outstanding

As at June 30, 2023, a total of 1,230,000 Options awarded to Named Executive Officers were outstanding pursuant to the Existing Plans, collectively, as follows:

| Name          | Number of Securities Underlying Unexercised Options Exercisable (#) | Option Exercise Price (\$) | Option Expiration Date           | Value of unexercised in-the-money Options (USD\$) |
|---------------|---------------------------------------------------------------------|----------------------------|----------------------------------|---------------------------------------------------|
| Craig Scherba | 160,000<br>200,000                                                  | CAD\$1.00<br>CAD\$3.60     | March 26, 2024<br>March 19, 2024 | 107,744 <sup>(1)</sup><br>Nil                     |
| Marc Johnson  | 140,000<br>150,000                                                  | CAD\$1.00<br>CAD\$3.60     | March 26, 2024<br>March 19, 2024 | 94,276 <sup>(1)</sup><br>Nil                      |
| Robin Borley  | 140,000<br>150,000                                                  | CAD\$1.00<br>CAD\$3.60     | March 26, 2024<br>March 19, 2024 | 94,276 <sup>(1)</sup><br>Nil                      |

|                   |                    |                        |                                  |                              |
|-------------------|--------------------|------------------------|----------------------------------|------------------------------|
| Brent Nykoliation | 140,000<br>150,000 | CAD\$1.00<br>CAD\$3.60 | March 26, 2024<br>March 19, 2024 | 94,276 <sup>(1)</sup><br>Nil |
| Danniel Stokes    | Nil                | Nil                    | Nil                              | Nil                          |

(1) Based on a TSX closing price of CAD\$1.91 (USD\$1.41) on June 30, 2023 and assuming that all the options are exercised prior to expiration.

#### *Share-Based (RSU) Awards Outstanding*

As at June 30, 2023, a total of 100,000 RSUs awarded to Named Executive Officers were outstanding pursuant to the LTIP Plan, as follows:

| Name              | Number of Share-based awards that have not vested (#) | Value of Share-based awards that have not vested (USD\$) | Value of share-based awards that have vested not paid out (USD\$) <sup>(1)</sup> |
|-------------------|-------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------|
| Craig Scherba     | 25,000                                                | Nil                                                      | 35,250 <sup>(1)</sup>                                                            |
| Marc Johnson      | 25,000                                                | Nil                                                      | 35,250 <sup>(1)</sup>                                                            |
| Robin Borley      | 25,000                                                | Nil                                                      | 35,250 <sup>(1)</sup>                                                            |
| Brent Nykoliation | 25,000                                                | Nil                                                      | 35,250 <sup>(1)</sup>                                                            |
| Danniel Stokes    | Nil                                                   | Nil                                                      | Nil                                                                              |

(1) Based on 25,000 RSUs and a TSX closing price of CAD\$1.91 (USD\$1.41) on June 30, 2023 and assuming that all the RSUs are converted prior to expiration.

#### **Termination And Change of Control Benefits**

The following are the material termination and change of control benefits payable in respect of services provided to the Company or any of its subsidiaries that were performed by an NEO or was performed by any other party but are services typically provided by an NEO.

- The Company has an employment agreement with Mr. Scherba, who receives a salary of CAD\$22,000 per month. He is eligible to receive specific bonuses linked to achieving Company milestones. His contract has an 18-month termination notice period (or lump sum pay), which increases to 36 months if within 12 months of a change of control the Company gives notice of its intention to terminate, or a triggering event occurs and he elects to terminate.
- The Company has a management company agreement with Mr. Johnson, who receives consulting fees of CAD\$16,500 per month. He is eligible to receive specific bonuses linked to achieving Company milestones. His contract has an 18-month termination notice period (or lump sum pay), which increases to 36 months if within 12 months of a change of control the Company gives notice of its intention to terminate, or a triggering event occurs and he elects to terminate.
- The Company has a management company agreement with Mr. Borley, who receives consulting fees of USD\$18,000 per month. He is eligible to receive specific bonuses linked to achieving Company milestones. His contract has an 18-month termination notice period (or lump sum pay), which increases to 36 months if within 12 months of a change of control the Company gives notice of its intention to terminate, or a triggering event occurs and he elects to terminate.
- The Company has an employment agreement with Mr. Nykoliation, who receives a salary of CAD\$16,500 per month. He is eligible to receive specific bonuses linked to achieving Company milestones. His contract has an 18-month termination notice period (or lump sum pay), which increases to 36 months if within 12 months of a change of control the Company gives notice of its intention to terminate, or a triggering event occurs and he elects to terminate.
- The Company has an employment agreement with Mr. Stokes, who receives salary of GBP£13,333 per month. He is eligible to receive RSU bonuses linked to achieving Company milestones. His contract has a 12-month termination notice period (or lump sum pay), which increases to 18 months after the fifth anniversary of his employment.

The following table provides details regarding the estimated incremental payments from the Company to each of the NEOs upon termination in connection with a change of control in accordance with the above provisions, or upon termination without cause, assuming a triggering event occurs on June 30, 2023.

| Name and Principal Position                 | Termination/Notice Period Without / With Change of Control (# of months) | Base Salary per Month (USD\$) | Termination/Notice Pay Without Change of Control (USD\$) | Termination Pay with Change of Control (USD\$) |
|---------------------------------------------|--------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------|------------------------------------------------|
| Craig Scherba, CEO, President, and Director | 18 / 36                                                                  | 16,280 <sup>(1)</sup>         | 293,040                                                  | 586,080                                        |
| Marc Johnson, CFO                           | 18 / 36                                                                  | 12,210 <sup>(1)</sup>         | 219,780                                                  | 439,560                                        |

|                                                  |         |                       |         |         |
|--------------------------------------------------|---------|-----------------------|---------|---------|
| Robin Borley,<br>COO and Director                | 18 / 36 | 18,000                | 288,000 | 576,000 |
| Brent Nykoliati,<br>EVP Corporate<br>Development | 18 / 36 | 12,210 <sup>(1)</sup> | 219,780 | 439,560 |
| Danniel Stokes,<br>VP Special Projects           | 12 / 12 | 16,400 <sup>(2)</sup> | 196,800 | 196,800 |

## DIRECTOR COMPENSATION

Under NI 51-102 and in accordance with Form 51-102F6 – *Statement of Executive Compensation*, the Company is required to disclose certain financial and other information relating to the compensation of the non-NEO directors of the Company.

### Compensation Discussion and Analysis

The Governance Committee is responsible for designing the director compensation program and reviews on an annual basis the cash compensation, performance, and overall compensation package for the directors. The Governance Committee then recommends to the Board changes to the director fees and the awarding of annual incentive bonuses and long-term incentives. The Board then approves any changes to the director fees and the awarding of annual incentive bonuses and long-term incentives.

Each director that is not a Named Executive Officer is entitled to a CAD\$3,333.33 monthly director fee (CAD\$40,000 per year). The Non- Executive Chair of the Board is entitled to an additional CAD\$2,083.33 monthly fee (CAD\$25,000 per year). Each committee chair is entitled to an additional CAD\$833.33 monthly fee (CAD\$10,000 per year). The lead director is entitled to an additional CAD\$833.33 monthly fee (CAD\$10,000 per year).

Directors are entitled to \$nil per day for each meeting attended in person, \$nil for each meeting attended, the reimbursement for travel and other meeting-related expenses, and perquisites such as health benefits as may be provided for the executive officers.

Directors are entitled to be awarded Options and RSUs under the provisions of the LTIP Plan.

There are no other arrangements under which the directors of the Company were compensated by the Company during the most recently completed financial year end for their services in their capacity as directors.

### Summary Compensation Table

The following table is a summary of the compensation paid, directly or indirectly, to the non-NEO directors of the Company for the most recently completed financial year ended June 30, 2023. All amounts in the table are reported in USD\$.

| Name and Principal Position                                     | Salary and Consulting Fees (USD\$) | Option-Based Awards (USD\$) <sup>(1)</sup> | Share-Based Awards (RSUs) (USD\$) <sup>(2)</sup> | Non-Equity Incentive Plan Compensation (USD\$) <sup>(3)</sup> | Pension Value (USD\$) | All Other Compensation (USD\$) <sup>(4)</sup> | Total Compensation (USD\$) |
|-----------------------------------------------------------------|------------------------------------|--------------------------------------------|--------------------------------------------------|---------------------------------------------------------------|-----------------------|-----------------------------------------------|----------------------------|
| Sir Mick Davis, Non-Executive Chair of the Board <sup>(A)</sup> | 48,457                             | Nil                                        | 30,300 <sup>(5)(6)</sup>                         | Nil                                                           | Nil                   | Nil                                           | 78,757                     |
| Brett Whalen, Director <sup>(B)</sup>                           | 44,596                             | Nil                                        | 30,300 <sup>(6)</sup>                            | Nil                                                           | Nil                   | Nil                                           | 74,896                     |
| Chris Kruba, Director <sup>(C)</sup>                            | 37,163                             | Nil                                        | 30,300 <sup>(6)</sup>                            | Nil                                                           | Nil                   | Nil                                           | 67,463                     |
| Ian Pearce, Director <sup>(D)</sup>                             | 37,163                             | Nil                                        | 30,300 <sup>(6)</sup>                            | Nil                                                           | Nil                   | Nil                                           | 67,463                     |

(A) Sir Mick Davis is the Non-Executive Chair of the Board.

(B) Brett Whalen is Chair of the Governance Committee and a member of the Audit Committee.

(C) Chris Kruba is Chair of the Audit Committee and a member of the Governance Committee.

(D) Ian Pearce is Chair of the Sustainability Committee and a member of the Audit Committee and the Governance Committee.

(1) Represents the fair value of the Options as calculated using the theoretical Black-Scholes option pricing model on the date of the award. All of the Options vested immediately. The Options only have value to the holder if exercised prior to their respective expiration dates while the Options are “in-the-money”. If the Options expire unexercised, the realized value could be \$nil.

(2) Represents the fair value of RSUs that are expected to vest on the RSU vesting measurement date based on the intrinsic value of the RSUs on the date of the award. Each RSU entitles the holder to receive one Share prior to, or on, its expiration date subject to achieving a performance or employment milestone. RSUs only have value if the milestone is achieved prior to or on the measurement date. If the milestone is not achieved, the realized value could be \$nil. For accounting purposes, the fair value is expensed over the vesting period and is subject to remeasurement based on the probability of achieving the milestone and adjustments for potential forfeitures.

(3) Represents cash bonuses earned during the reporting period.

(4) Other compensation includes health benefits and other perquisites received during the reporting period.

(5) The Options were awarded to Vision Blue, a corporation controlled by Sir Mick Davis.

(6) Based on 15,000 RSUs and a TSX closing price of CAD\$2.59 (USD\$2.02) on July 28, 2022.

### Incentive Plan Awards

### *Value Vested or Earned During the Year*

The value vested for Option and Share-based (RSU) awards issued to non-NEO directors of the Company pursuant to the Existing Plans, collectively, and the value earned for non-equity incentive plans during the year ended June 30, 2023 are as follows:

| Name           | Option-based awards value vested during the year (USD\$) | Share-based awards value vested during the year (USD\$) | Non-equity incentive plan compensation value earned during the year (USD\$) |
|----------------|----------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------|
| Sir Mick Davis | Nil                                                      | 21,201 <sup>(1)</sup>                                   | Nil                                                                         |
| Brett Whalen   | Nil                                                      | 21,201 <sup>(1)</sup>                                   | Nil                                                                         |
| Chris Kruba    | Nil                                                      | 21,201 <sup>(1)</sup>                                   | Nil                                                                         |
| Ian Pearce     | Nil                                                      | 119,103 <sup>(2)</sup>                                  | Nil                                                                         |

(1) Based on 15,000 RSUs granted on July 28, 2022 that vested on June 30, 2023 at CAD\$1.91 (USD\$1.41).

(2) Based on 70,000 RSUs granted on May 11, 2022 that vested on July 14, 2022 at CAD\$1.89 (USD\$1.40) and 15,000 RSUs granted on July 28, 2022 that vested on June 30, 2023 at CAD\$1.91 (USD\$1.41).

### *Option-Based Awards Outstanding*

As at June 30, 2023, a total of 480,000 Options awarded to non-NEO directors of the Company were outstanding pursuant to the Existing Plans, collectively, as follows:

| Name                          | Number of Securities Underlying Unexercised Options Exercisable (#) | Option Exercise Price (\$) | Option Expiration Date | Value of unexercised in-the-money Options (USD\$) |
|-------------------------------|---------------------------------------------------------------------|----------------------------|------------------------|---------------------------------------------------|
| Sir Mick Davis <sup>(2)</sup> | 150,000                                                             | CAD\$3.60                  | March 19, 2024         | Nil <sup>(1)</sup>                                |
| Brett Whalen                  | 150,000                                                             | CAD\$3.60                  | March 19, 2024         | Nil <sup>(1)</sup>                                |
| Chris Kruba                   | 150,000                                                             | CAD\$3.60                  | March 19, 2024         | Nil <sup>(1)</sup>                                |
| Ian Pearce                    | 30,000                                                              | CAD\$2.50                  | May 11, 2025           | Nil <sup>(1)</sup>                                |

(1) Based on a TSX closing price of CAD\$1.91 (USD\$1.41) on June 30, 2023 and assuming that all the options are exercised prior to conversion.

(2) The Options were awarded to Vision Blue, a corporation controlled by Sir Mick Davis.

### *Share-Based (RSU) Awards Outstanding*

As at June 30, 2023, a total of 60,000 RSUs awarded to non-NEO directors of the Company were outstanding pursuant to the LTIP Plan, as follows:

| Name                          | Number of Share-based awards that have not vested (#) | Value of Share-based awards that have not vested (USD\$) | Value of Share-based awards that have vested not paid out (USD\$) <sup>(1)</sup> |
|-------------------------------|-------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------|
| Sir Mick Davis <sup>(2)</sup> | Nil                                                   | Nil                                                      | 21,201                                                                           |
| Brett Whalen                  | Nil                                                   | Nil                                                      | 21,201                                                                           |
| Chris Kruba                   | Nil                                                   | Nil                                                      | 21,201                                                                           |
| Ian Pearce                    | Nil                                                   | Nil                                                      | 21,201                                                                           |

(1) Based on a TSX closing price of CAD\$1.91 (USD\$1.41) on June 30, 2023 and assuming that all outstanding RSUs are converted prior to expiration.

## **CORPORATE GOVERNANCE DISCLOSURE**

### **General**

National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”) and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) set out a series of guidelines for effective corporate governance. Under NI 58-101, the Company is required to disclose certain information about the Company’s corporate governance practices.

### **Board of Directors**

#### *Composition*

The Board presently consists of Sir Mick Davis (Non-Executive Chair of the Board), Craig Scherba (CEO), Robin Borley (COO), Brett Whalen, Chris Kruba, and Ian Pearce. All current directors were elected at the previous Annual Meeting of Shareholders held on December 5, 2022.

NI 58-101 defines an “independent” director” as a director who has no direct or indirect material relationship with the Company. A “material relationship” is defined as a relationship, which could, in the view of the Board, be reasonably expected to interfere with such member’s independent judgment. Brett Whalen, Chris Kruba, and Ian Pearce are considered independent directors. Sir Mick Davis (Non-Executive Chair of the Board and controlling shareholder and CEO of Vision Blue), Craig Scherba (CEO), and Robin Borley (COO) are not considered independent directors. As a result, the Board does not presently consist of a majority of directors that are considered independent. While independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance, independent directors are encouraged to hold unscheduled and informal meetings to discuss issues ahead of regularly scheduled meetings of the Board. The Board is of the view that the Company’s approach to corporate governance is appropriate for its current size and resources but will monitor its approach as it executes its business plans. The Company periodically monitors and refines such practices as the size and scope of its operations increase. The Board remains cognizant to corporate governance issues and seeks to set up structures to ensure the effective discharge of its responsibilities without creating additional costs.

#### *Other Directorships*

The following directors are presently directors of other companies that are reporting issuers, or the equivalent, in a Canadian or foreign jurisdiction:

1. Ian Pearce is the Chair of the Board of Directors of Newgold Inc., and is a Director of Northland Power Inc., and Metso Outotec.
2. Brett Whalen is a Director of Sernova Corp.

#### *Attendance at Board Meetings*

Director attendance to Board and committee meetings from July 1, 2022 to June 30, 2023 is set out in the following table with the meetings attended out of the total meetings held while they were directors.

| Attendance     | Board Meetings                | Audit Committee            | Governance Committee     | Sustainability Committee |
|----------------|-------------------------------|----------------------------|--------------------------|--------------------------|
| Sir Mick Davis | 9 / 9<br>(Chair of the Board) | N/A                        | N/A                      | N/A                      |
| Craig Scherba  | 9 / 9                         | N/A                        | N/A                      | 2/2                      |
| Robin Borley   | 8 / 9                         | N/A                        | N/A                      | 2/2                      |
| Brett Whalen   | 8 / 9                         | 4 / 4                      | 4/4<br>(Committee Chair) | N/A                      |
| Chris Kruba    | 9 / 9                         | 4 / 4<br>(Committee Chair) | 4/4                      | N/A                      |
| Ian Pearce     | 8 / 9                         | 4 / 4                      | 4/4                      | 2/2<br>(Committee Chair) |

#### **Board Mandate**

The Board has developed a written Board of Directors Mandate description. The full text of the Board Mandate is attached to this Circular as “Appendix A” and is also available on the Company’s website at [www.nextsourcematerials.com](http://www.nextsourcematerials.com) under the “Corporate Governance” section.

#### **Position Descriptions**

The Board has developed written position descriptions for the Chair of the Board, the Chair of Board committees, and the CEO. Copies of such position descriptions are available on the Company’s website at [www.nextsourcematerials.com](http://www.nextsourcematerials.com) under the “Corporate Governance” section.

#### **Orientation and Continuing Education**

The Company does not provide a formal orientation and continuing education program for its directors. However, new directors are given an opportunity to familiarize themselves with the Company by visiting the Company’s corporate offices, meeting with other directors, reviewing the rules and regulations of the stock exchanges where the Shares are listed, and reviewing the Company’s constating documents, by-laws, and related corporate governance policies. Directors are invited to speak with the Company’s counsel, auditors, and other service providers to become familiar with their legal responsibilities.

#### **Ethical Business Conduct**

The Company has instituted certain policies and procedures, including a Code of Ethics and Business Conduct (the “**Code of Ethics**”) that applies to its directors, officers, and employees, including its principal executive officers, principal financial officer, principal accounting officer, controller or persons performing similar functions. A copy of the Company’s Code of Ethics is available on the Company’s website at [www.nextsourcematerials.com](http://www.nextsourcematerials.com) under the “Corporate Governance” section. If the Company makes substantive amendments to the Code of Ethics, the Company will disclose the nature of such amendments or waiver on the Company’s website or in a report within four days of such amendment or waiver.

### **Nomination of Directors**

The Governance Committee recommends to the Board criteria for Board membership. In making its recommendation, the Governance Committee considers the aggregate competencies and skills that the Board should possess and the competencies and skills of each current director. The Governance Committee reviews with the Board, on an annual basis, the requisite skills, and criteria for Board members as well as the composition and size of the Board as a whole to ensure that the Board has the requisite expertise, that its membership consists of persons with sufficiently diverse and independent backgrounds, and that its membership consists of an appropriate mix of inside, outside and independent directors. The Governance Committee identifies and recommends to the Board individuals qualified to become Board members, consistent with criteria approved by the Board. The Governance Committee is responsible for recommending to the Board the nominees for election as directors at any meeting of Shareholders and the persons to be appointed by the Board to fill any vacancies on the Board. See “*Board Committees*” below for further information relating to the Governance Committee.

### **Compensation**

The Governance Committee assists the Board in carrying out its responsibilities relating to executive and director compensation. The Governance Committee recommends to the Board the form and amount of compensation to be paid by the Company to directors for service on the Board and on committees. The Governance Committee review director compensation annually.

The Governance Committee annually reviews the Company’s base compensation structure and the Company’s incentive compensation programs and recommend changes in or additions to such structure and plans to the Board as needed. The Governance Committee recommends to the Board the annual base compensation of the CEO and other executive officers. The Governance Committee reviews executive officer compensation at least annually. The Governance Committee administers the LTIP Plan and the granting of Awards thereunder. See “*Board Committees*” below for further information relating to the Governance Committee.

### **Board Committees**

The Board has the following committees:

#### *Audit Committee*

The Audit Committee consists of Chris Kruba (Chair), Brett Whalen and Ian Pearce. All members are independent in accordance with the standards of National Instrument 52-110 – Audit Committees (“**NI 52-110**”). NI 52-110 requires that certain information regarding the Audit Committee of the Company be included in the annual information form of the Company. For the information regarding the Audit Committee required by Form 52-110F1, refer to the disclosure under the heading “*Audit Committee*” in the annual information form of the Company dated September 28, 2023 and filed on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca). The Audit Committee charter is available on the Company’s website at [www.nextsourcematerials.com](http://www.nextsourcematerials.com) under the “Corporate Governance” section.

#### *Governance Committee*

The Governance Committee consists of Brett Whalen (Chair), Chris Kruba and Ian Pearce. All members are independent in accordance with the standards of National Instrument 58-101. The Governance Committee assists the Board in carrying out its responsibilities relating to executive and director compensation, the nomination of directors, assessment of the performance of directors, and for monitoring and resolving corporate governance issues. The Governance Committee reviews annually and recommends to the Board the form and amount of compensation to be paid by the Company to directors for service on the Board and on committees. The Governance Committee reviews annually and recommends to the Board the base compensation structure and the Company’s incentive compensation programs. The Governance Committee charter is available on the Company’s website at [www.nextsourcematerials.com](http://www.nextsourcematerials.com) under the “Corporate Governance” section.

#### *Sustainability Committee*

The Sustainability Committee consists of Ian Pearce (Chair), Craig Scherba and Robin Borley. Only Ian Pearce is independent as per the standards of National Instrument 58-101. The Sustainability Committee assists the Board in carrying out its responsibilities relating to health and safety, environmental, and corporate social responsibility policies. The Sustainability Committee charter is available on the Company’s website at [www.nextsourcematerials.com](http://www.nextsourcematerials.com) under the “Corporate Governance” section.

### **Director Assessments**

The Board uses peer reviews to assess, on an annual basis, the effectiveness of the Board as a whole and of each of the individual Directors to determine whether the Board is functioning effectively.

## Director Term Limits and Other Mechanisms of Board Renewal

The Company has not instituted director term limits or other mechanisms of board renewal.

The Company believes that in considering the nature and size of the Board and the Company, it is more important to have relevant experience than to impose set time limits on a director's tenure, which may create vacancies at a time when a suitable candidate cannot be identified and as such would not be in the best interests of the Company. In lieu of imposing term limits, the Company regularly monitors director performance through annual assessments and regularly encourages sharing and new perspectives through regularly scheduled Board meetings, meetings with only independent directors in attendance, as well as through continuing education initiatives. On a regular basis, the Company analyzes the skills and experience necessary for the Board and evaluates the need for director changes to ensure that the Company has highly knowledgeable and motivated Board members, while ensuring that new perspectives are available to the Board.

## Diversity

Diversity is also an important consideration in determining the composition of the Company's Board and senior management. The Company believes that having individuals in senior leadership positions from diverse backgrounds promotes better innovation, performance, and effective decision-making. The Governance Committee seeks directors who represent a mix of backgrounds and business experiences that will enhance the quality of the Board's deliberations and decisions. The Governance Committee considers, among other factors, diversity with respect to viewpoint, skills, experience, character, and behavior qualities in its evaluation of candidates for Board membership.

For all annual meetings held on or after January 1, 2020, distributing corporations created under the CBCA are required to report on the representation of four "designated groups" on their board of directors and senior management teams, which includes the president, CEO, CFO, VPs in charge of a principal business unit and anyone who performs policy-making functions within the corporation. The "designated groups" under the *Employment Equity Act* of Canada are women, indigenous peoples, persons with disabilities or members of visible minorities.

The Company currently has six Board members, six executive officers and one country manager for a total of thirteen individuals within the senior management team. The country manager is a woman and is a visible minority. As a result, the Company has the following designated group representation: one woman (7.7%), nil indigenous peoples (0%), nil persons with disabilities (0%), and one member of visible minorities (7.7%). Following the Meeting and assuming all the nominees for directors are elected, there will be two women (15.4%).

The Company has not adopted a written policy relating to the identification and nomination of women directors or women members of senior management. The Company has set an annual target for achieving the representation of at least two women. For new directors being nominated, the Company requires that at the candidate pool include at least 33% women regardless of whether the search is conducted solely by the Company or through an external advisor. The Governance Committee has been tasked with identifying and nominating a woman as a director although no time frame has been set.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has two (2) equity compensation plans approved by Shareholders pursuant to which securities are currently outstanding, being a 10% rolling stock option plan that was approved by Shareholders on December 4, 2018 (the "**2018 Stock Option Plan**"), and a long-term incentive plan that was approved by Shareholders on December 29, 2020 (the "**LTIP Plan**") (collectively, the "**Existing Plans**").

The LTIP Plan has replaced the 2018 Stock Option Plan as the Company's primary incentive plan and no further Options have been or shall be granted under the 2018 Stock Option Plan. All Options issued under the 2018 Stock Option Plan that remain outstanding continue to be governed by the terms and conditions of the 2018 Stock Option Plan.

The following tables provide a summary of securities issued and issuable under all security-based compensation plans of the Company pursuant to which securities are currently outstanding, being the Existing Plans, as at June 30, 2023.

| Name and Position                                                   | Number of securities to be issued upon exercise of outstanding Awards (#) | Weighted-average exercise price of outstanding Awards (USD\$) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (#) |
|---------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity Compensation Plans Approved by Shareholders (Existing Plans) | 1,870,000 <sup>(1)(2)(3)</sup>                                            | \$1.82                                                        | 10,657,100 <sup>(4)</sup>                                                                                                                       |
| Equity Compensation Plans Not Approved by Shareholders              | Nil                                                                       | Nil                                                           | Nil                                                                                                                                             |

(1) This represents 1.4% of the 125,271,007 Shares that were issued and outstanding as at June 30, 2023.

(2) This consists of a total of 1,710,000 Options and 160,000 RSUs.

(3) Of such securities, 1,710,000 Options and 160,000 RSUs are issued to existing insiders (which represents approximately 1.4% of the currently issued and outstanding Shares of the Company) and Nil to current employees or consultants.

(4) This represents 8.6% of the 125,271,007 Shares that were issued and outstanding as at June 30, 2023.

The following tables provide a summary of securities issued and issuable under all security-based compensation plans of the Company pursuant to which securities are currently outstanding, being the Existing Plans, as at the date hereof.

| Name and Position                                                   | Number of securities to be issued upon exercise of outstanding Awards (#) | Weighted-average exercise price of outstanding Awards (USD\$) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (#) |
|---------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity Compensation Plans Approved by Shareholders (Existing Plans) | 1,870,000 <sup>(1)(2)(3)</sup>                                            | \$1.82                                                        | 13,687,450 <sup>(4)</sup>                                                                                                                       |
| Equity Compensation Plans Not Approved by Shareholders              | Nil                                                                       | Nil                                                           | Nil                                                                                                                                             |

(1) This represents 1.2% of the 155,574,507 Shares that are issued and outstanding as at the date hereof.

(2) This consists of a total of 1,710,000 Options and 160,000 RSUs.

(3) Of such securities, 1,710,000 Options and 160,000 RSUs are issued to existing insiders (which represents approximately 1.2% of the currently issued and outstanding Shares of the Company) and Nil to current employees or consultants.

(4) This represents 8.8% of the 155,574,507 Shares that are issued and outstanding as at the date hereof.

The following table provides the burn rate under the Existing Plans for the three financial years ended June 30, 2023:

| Fiscal Year Ended        | Burn Rate <sup>(1)</sup> | Number of Awards Granted | Weighted Average Number of Shares Outstanding |
|--------------------------|--------------------------|--------------------------|-----------------------------------------------|
| Year Ended June 30, 2023 | 0.0%                     | 160,000                  | 117,264,004                                   |
| Year Ended June 30, 2022 | 0.0%                     | 100,000                  | 99,204,079                                    |
| Year Ended June 30, 2021 | 2.0%                     | 1,300,000                | 66,654,804                                    |

(1) Calculated by dividing the number of Awards granted under the Existing Plans during the applicable period by the weighted average number of Shares outstanding for the applicable period.

### Summary of the Existing Plans

The following are summaries of the Existing Plans:

#### *Long-Term Incentive Plan (LTIP Plan)*

As of the date of this Circular, the Company had 155,574,507 Shares issued and outstanding. Consequently, 15,557,450 Shares are available to be reserved for issuance under the Existing Plans. This represents 10% of the issued and outstanding Shares.

As of the date of this Circular, a total of 1,870,000 Awards have been granted under the Existing Plans. This represents 1.2% of the issued and outstanding Shares. The exercise, cancellation or expiration of the awards granted under the Existing Plans will make new grants of Awards available under the LTIP Plan (no further Options will be granted under the 2018 Stock Option Plan).

The LTIP Plan allows for the issuance of Options, RSUs, DSUs, SARs, and Retention Awards to directors, officers, senior executives and other employees of the Company or a subsidiary, consultants and service providers providing ongoing services to the Company and its affiliates (being the Eligible Participants, and when such Eligible Participants are granted Awards, the Participants) in order to attract, retain and motivate such persons as individuals whose skills, performance and loyalty to the

objectives and interests of the Company are necessary to the Company's success, to incentivize them to continue their services for the Company, and to align their interests with those of the Company.

The LTIP Plan is administered and interpreted by the Board. The Board may decide by resolution to appoint a committee of at least three members to administer and interpret the LTIP Plan. The Board and the committee may also delegate to one or more officers of the Company, or to a committee of such officers, the authority, subject to such terms and limitations as the Board or the committee may determine, to grant, cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards.

Subject to adjustment, the total number of Shares reserved and available for grant and issuance pursuant to Awards under the LTIP Plan shall not exceed a number of Shares equal to ten percent (10%) of the total issued and outstanding Shares of the Company at the time of granting of Awards (on a non-diluted basis) or such other number as may be approved by the Shareholders of the Company from time to time. The LTIP Plan does not include insider participation limits.

The LTIP Plan is a "rolling plan" and "evergreen plan". This means any increase in the issued and outstanding Shares (whether as a result of exercise of Awards or otherwise) will result in an increase in the number of Shares that may be issued on Awards outstanding at any time and any increase in the number of Awards granted will, upon exercise, make new grants available under the LTIP Plan.

The option price for Shares that are the subject of any Option shall be determined by the Board at the time the Option is granted, but may not be less than Market at the time of grant. The terms of the LTIP Plan allow for the exercise of an Option on a cashless basis subject to approval by the Board or Directors. The number of Shares received on the cashless exercise of an Option is determined by taking (i) the difference between (A) the Market Value and (B) the exercise price of such Option, (ii) multiplying that difference by the number of Shares to which such Option relates, and then (iii) dividing that product by the Market Value. Each Eligible Participant may elect, once each calendar year, to be paid a percentage of his or her annual retainer in the form of DSUs. The number of DSUs an Eligible Participant is entitled to receive is calculated by taking (i) the percentage elected by the Eligible Participant, (ii) multiplying that percentage by the Eligible Participant's annual retainer, and then (iii) dividing that product by the Market Value. The purchase price of an RSU is determined by the Board and may be zero. The exercise price of a SAR shall be fixed by the Board, but may not be less than the Market Value at the time of grant. Upon exercise, the holder is entitled to receive the number of Shares equal to the excess of the Market Value on the effective date of such exercise over the exercise price of the SAR. A retention award entitles an Eligible Participant to receive the number of Shares that is equal to the retention payment divided by the Market Value on the vesting date of the retention award, disregarding fractions and less any amounts withheld for taxes. "**Market Value**" means at any date when the Market Value of Shares of the Company is to be determined, and (i) if the Shares of the Company are listed on the TSX, the "market price" as defined in Part I of the TSX Company Manual, as same may be amended, supplemented or replaced from time to time; or (ii) if the Shares of the Company are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith.

In addition, a holder of DSUs and RSUs is entitled to receive additional DSUs or RSUs (or fractions thereof) when dividends are declared and paid on Shares. The additional DSUs and RSUs are based on (i) the actual amount of dividends that would have been paid if the Participant had held Shares under the LTIP Plan on the applicable record date divided by (ii) the Market Value on the date on which the dividends on Shares are payable.

The Board shall, from time to time by resolution, determine the vesting provisions of the Options. The Board may, at the time of grant, make DSUs subject to restrictions and conditions (i.e. continuing employment or achievement of pre-established performance goals). DSUs are exercisable immediately following the date a Participant resigns or is terminated. The relevant conditions and vesting provisions of a RSU are determined by the Board (including the performance period and criteria, if any). In making its determination regarding the vesting requirements applicable to any RSUs, the Board shall ensure that such requirements are not considered a "salary deferral arrangement" for purposes of applicable legislation. The Board also sets a date upon which it is determined whether the vesting conditions with respect to RSUs have been met (the "RSU Vesting Determination Date"). This then establishes the number of RSUs that become vested. The RSU Vesting Determination Date cannot fall outside the period (the "Restricted Period") that ends on December 31 of the year that is three (3) years after the calendar year in which the grant of RSUs was made. Any RSU that remains unvested on the RSU Vesting Determination or at the end of the Restricted Period, whichever is earlier, is cancelled. The relevant conditions and vesting provisions of a SAR are determined by the Board (including the performance period and criteria, if any). The relevant conditions and vesting provisions of a Retention Award are determined by the Board (including the performance period and criteria, if any).

The Board shall determine the period in which an Option is exercisable. An Option cannot expire later than ten (10) years from the date it is granted. A Participant may redeem his or her DSUs up to the 120th day after the date of his or her termination. The Board shall determine the Restricted Period, provided such Restricted Period cannot expire later than December 31 of the year that is three (3) years after the calendar year in which the grant of RSUs was made. The Board shall determine the period during which a SAR is exercisable, provided such period cannot expire more than ten (10) years from the date the SAR was granted. The relevant conditions and vesting provisions of a Retention Award are determined by the Board (including the performance period and criteria, if any).

Any Option, SAR or Retention Award, or any unexercised or unvested portion thereof, shall terminate when a Participant ceases to be an Eligible Participant for "cause". "**Cause**" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the any code of conduct of the Company (or equivalent policy) and any reason determined by the Company to be cause for termination. Any vested Option, SAR or Retention Award or the unexercised portion thereof ("**Vested Award**"), may be exercised by the estate of a Participant if such Participant dies while he or she is an Eligible Participant. However,

a Vested Award must be exercised (i) within one (1) year of the Participant's death or (ii) prior to the expiration of the original term of such Vested Award, whichever is earlier. Any Option, SAR or Retention Award, or any unexercised portion thereof, may be exercised by the Participant or his/her representative as the rights to exercise accrue. However, the Award must be exercised (i) within three (3) years of the disability, (ii) until the Participant becomes eligible for long-term disability benefits, or (iii) prior to the expiration of the original term of the Award, whichever is earlier. If a Participant ceases to be an Eligible Participant for any reason other than for "cause", death, or disability, the right to exercise an Option, SAR or Retention Award shall be limited to and expire on the earlier of (i) one (1) year after the date the Participant ceases to be an Eligible Participant or (ii) the expiry date of the Award set forth in the agreement pursuant to which the Award was granted.

Any unvested RSUs credit to a Participant's account shall be forfeited and cancelled immediately upon such Participant ceasing to be an Eligible Participant for "cause" or by resignation. When a Participant retires, becomes eligible to receive long-term disability benefits, or has his or her employment terminated for reasons other than "cause" or by reason of injury or disability, such Participant's participation in the LTIP Plan shall be terminated immediately. Unvested RSUs shall remain in effect until the applicable RSU Vesting Determination Date. If a Participant retires and becomes involved in another business or activity in the cannabis industry prior to the applicable RSU Determination Date, then (i) if the Board determines the vesting conditions have not been met on the RSU Vesting Determination Date, the unvested RSUs of such Participant shall be forfeited and cancelled, or (ii) if the Board determines the vesting conditions have been met on the RSU Vesting Determination Date, such Participant is entitled to receive the number of Shares he or she is entitled to in respect of such RSUs adjusted for the length of service provided by the Participant to the Company. If a Participant dies, his or her participation in the LTIP Plan terminates immediately. All unvested RSUs remain in effect until the RSU Vesting Determination Date. If the Board determines the vesting conditions have not been met on the RSU Vesting Determination Date, the unvested RSUs of such deceased Participant shall be forfeited and cancelled. If the Board determines the vesting conditions have been met on the RSU Vesting Determination Date, such deceased Participant is entitled to receive the number of Shares he or she is entitled to in respect of such RSUs adjusted for the length of service provided by the Participant to the Company. If a Participant voluntarily takes a leave of absence, his or her participation in the LTIP Plan terminates immediately. All unvested RSUs remain in effect until the RSU Vesting Determination Date. If the Board determines the vesting conditions have not been met on the RSU Vesting Determination Date, the unvested RSUs of such Participant shall be forfeited and cancelled. If the Board determines the vesting conditions have been met on the RSU Vesting Determination Date, such Participant is entitled to receive the number of Shares he or she is entitled to in respect of such RSUs adjusted for the length of service provided by the Participant to the Company.

Awards granted under the LTIP Plan are transferrable or assignable only to a "permitted assign". A permitted assign means the spouse of a Participant or a trustee, holding entity, or RRSP/RRIF of the Participant or his or her spouse.

The Board may amend the LTIP Plan or any Award without consent of the Participants provided that the amendment shall:

- ☐ not adversely alter or impair any Award previously granted;
- ☐ be subject to any regulatory approvals;
- ☐ be subject to Shareholder approval, where required, provided that Shareholder approval is not required for following amendments and the Board may make any changes which may include but are not limited to: (i) amendments of a "housekeeping" nature; (ii) a change to the vesting provisions of any Award; (iii) the introduction or amendment of a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the LTIP Plan reserve; and (iv) the addition of or amendment to any form of financial assistance.

The Board needs Shareholder approval to make the following amendments:

- ☐ any change to the maximum number of Shares issuable under the LTIP Plan, except any increase due to an adjustment or due to the evergreen nature of the plan;
- ☐ any amendment that reduces the exercise price of an Award;
- ☐ any amendment that extends the expiry date of an Award;
- ☐ any amendment that changes the Eligible Participants;
- ☐ any amendment that would permit an Award to be transferable or assignable other than as currently permitted; and
- ☐ any amendment to the amendment provisions of the LTIP Plan.

Shares held directly or indirectly by insiders that may benefit from certain amendments shall be excluded from voting when obtaining Shareholder approval.

The LTIP Plan does not contain any form of financial assistance.

If the expiration date of an Option or SAR falls within a black-out period or within the ten (10) business days following the end of the black-out period, then the expiration of the Option or SAR is extended to the tenth (10th) business day following the end of the black-out period.

In the event of a “Change in Control”, a reorganization of the Company, an amalgamation of the Company, an arrangement involving the Company, a take-over bid (as that term is defined in the Securities Act (Ontario)) for all of the Shares or the sale or disposition of all or substantially all of the property and assets of the Company, the Board may make such provision for the protection of the rights of the Participants as the Board in its discretion considers appropriate in the circumstances. “**Change in Control**” means an event whereby (i) any person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Shares or the combined voting power of the Company’s then outstanding voting securities entitled to vote generally; (ii) any person acquires, directly or indirectly, securities of the Company to which is attached the right to elect the majority of the directors of the Company; (iii) the Company undergoes a liquidation or dissolution or sells all or substantially all of its assets; or (iv) the Board adopts a resolution to the effect that a Change in Control as defined herein has occurred or is imminent.

The LTIP Plan may be adjusted if certain changes are made to the Company’s capitalization (e.g. subdivision, consolidation or reclassification of or a distribution of assets on (other than an ordinary course dividend) the Shares) in order to preclude a dilution or enlargement of the benefits due to Participants under the LTIP Plan.

#### *2018 Stock Option Plan*

The principal purposes of the 2018 Stock Option Plan is to secure for the Company and its Shareholders the benefits of incentive inherent in the share ownership by issuing Options to the employees (including part-time employees), directors or officers of the Company or any of its subsidiaries or affiliates, management company employees, consultants, and service providers (“**Optionees**”) who, in the judgment of the Board, will be largely responsible for its future growth and success. It is generally recognized that a stock option plan of the nature provided for in the 2018 Stock Option Plan aids in retaining and encouraging persons of exceptional ability because of the opportunity offered them to acquire a proprietary interest in the Company.

The maximum number of Shares available at all times for issuance under the 2018 Stock Option Plan or any other security-based compensation arrangements (pre-existing or otherwise) shall not exceed 10% of the issued and outstanding Shares at the time of grant. Any increase in the number of issued and outstanding Shares will result in an increase in the number of Shares issuable under the 2018 Stock Option Plan. The 2018 Stock Option Plan is an “evergreen” plan and accordingly, any issuance of Shares from treasury, including issuances of Shares in respect of which Options are exercised, and any expired or cancelled Options, shall automatically replenish the number of Options issuable under the 2018 Stock Option Plan.

The exercise price per Share under an Option shall be determined by the Board, but, in any event, shall not be lower than the market price of the Shares on the date of grant of the Options, being the closing price of the Shares on the TSX (or if the Shares are not then listed on the TSX, on the principal stock exchange on which such Shares are traded, on the trading day of the Option grant)(the “**Market Price**”). In the event that the Shares are not then listed and posted for trading on a stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion. The exercise price per Share under an Option shall be determined by the Board, but, in any event, shall not be lower than the market price of the Shares on the date of grant of the Options.

The period within which Options may be exercised and the number of Options which may be exercised in any such period are determined by the Board at the time of granting the Options provided, however, that the maximum term of any Options awarded under the 2018 Stock Option Plan is ten (10) years from the date of the Option grant.

In the event that the expiry of an Option falls within, or within two (2) days of, a trading blackout period imposed by Company, the expiry date of the Option shall be automatically extended to the tenth business day following the end of the blackout period.

An Optionee will have, in all cases subject to the original Option expiry date and any determination otherwise by the Board:

- ☐ In the event of retirement or resignation, a 12-month period to exercise his or her Options, which will automatically vest; and
- ☐ In the event of the death or disability of an Optionee, a 12-month period to exercise his or her Options, which will automatically vest; and
- ☐ In the event of termination without cause of an Optionee, the Optionee will have 12 months to exercise his or her Options which have vested, but any unvested Options will become void; and
- ☐ In the event of termination with cause, Options shall become void, except as may be set out in the Optionee’s Option commitment or as otherwise determined by the Board in its sole discretion.

In the event of a change of control, the vesting of all Options and the time for the fulfilment of any conditions or restrictions on such vesting shall be accelerated to a date or time immediately prior to the effective time of the change of control, and the Board, in its sole discretion, may authorize and implement any one or more of the following additional courses of action:

- ☐ Terminating without any payment or other consideration, any Options not exercised or surrendered by the effective time of the change of control; and

- ☐ Causing the Company to offer to acquire from each Optionee his or her Options for a cash payment equal to the in-the-money amount, and any Options not so surrendered or exercised by the effective time of the change of control will be deemed to have expired; and
- ☐ An Option granted under the 2018 Stock Option Plan be exchanged for an option to acquire, for the same exercise price, that number and type of securities as would be distributed to the Optionee in respect of the Shares issued to the Optionee had he or she exercised the Option prior to the effective time of the change of control, provided that any such replacement option must provide that it survives for a period of not less than one (1) year from the effective time of the change of control, regardless of the continuing directorship, officership or employment of the Optionee.

For great certainty, and notwithstanding anything else to the contrary contained in the 2018 Stock Option Plan, the Board may, in its sole discretion, in any change of control which may or has occurred, make such arrangements as it deems appropriate for the exercise of issued and outstanding Options including, without limitation, the power to modify the terms of the 2018 Stock Option Plan and/or the Options as contemplated above. If the Board exercises such power, the Options shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Board prior to or in conjunction with completion of the change of control.

The grant of Options under the 2018 Stock Option Plan is subject to a restriction such that the number of Shares: (i) issued to insiders of Company, within any one-year period, and (ii) issuable to insiders of Company, at any time, under the 2018 Stock Option Plan, or when combined with all of Company's other security based compensation arrangements, shall not exceed 10% of Company's total issued and outstanding Shares, respectively.

The Board may delegate, to the extent permitted by applicable law and by resolution of the Board, its powers under the 2018 Stock Option Plan to the Compensation Committee, or such other committee as the Board may determine from time to time, such committee consisting of no less than two (2) members.

Options are not assignable or transferable other than by will or by the applicable laws of descent. During the lifetime of an Optionee, all Options may only be exercised by the Optionee.

The amendment provisions of the 2018 Stock Option Plan provide the Board with the power, subject to the requisite regulatory approval, to make the following amendments to the provisions of the 2018 Stock Option Plan and any Option commitment without Shareholder approval (without limitation):

- ☐ Amendments of a housekeeping nature,
- ☐ Additions or changes to any vesting provisions of an Option,
- ☐ Changes to the termination provisions of an Option or the 2018 Stock Option Plan which do not entail an extensions beyond the original expiry date,
- ☐ Addition of a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying Shares from the 2018 Stock Option Plan reserves, and
- ☐ Amendments to reflect changes to applicable securities or tax laws.

However, any of the following amendments require Shareholder approval:

- ☐ Reducing the exercise price of an Option, cancelling, and reissuing an Option, or cancelling an Option in order to issue an alternative entitlement,
- ☐ Amending the term of an Option to extend the term beyond its original expiry date,
- ☐ Materially increasing the benefits to the holder of Options who is an insider to the material detriment of Company and the Shareholders,
- ☐ Increasing the number of Shares or maximum percentage of Shares which may be issued pursuant to the 2018 Stock Option Plan (other than by virtue of adjustments permitted under the 2018 Stock Option Plan),
- ☐ Permitting Options to be transferred other than for normal estate settlement purposes,
- ☐ Removing or exceeding of the insider participation limits,
- ☐ Materially modifying the eligibility requirements for participation in the 2018 Stock Option Plan, or
- ☐ Modifying the amending provisions of the 2018 Stock Option Plan.

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

Other than as disclosed below, no person who is now, or was at any time since the beginning of the most recently completed financial year of the Company has been, a director, executive officer or senior officer of the Company, or associate thereof, been indebted to the Company, or had indebtedness during that period which was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

As of June 30, 2023, a total of \$185,478 was receivable in relation to short-term loans to officers related to the exercise of Options.

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

To the knowledge of the Company, no director, executive officer, or person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of outstanding voting securities of the Company, or any proposed director, or an associate or affiliate of any of the foregoing, have had any material interest, direct or indirect, in any transaction since the

commencement of the Company's last completed fiscal year or in any proposed transaction which, in either case, has or will materially affect the Company, other than the following:

- ☐ Vision Blue participated in the prospectus offering financing that was completed on August 1, 2023.

#### **ADDITIONAL INFORMATION**

Additional information related to the Company, including in the annual information form, audited financial statements and management's discussion and analysis for the most recently completed financial year, is available on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company website at [www.nextsourcematerials.com](http://www.nextsourcematerials.com). In particular, see the discussion under the heading "*Cautionary Statement Regarding Forward-Looking Information*" in such documents. Shareholders may request copies of such documents by mailing a request to: NextSource Materials Inc., 130 King Street West, Exchange Tower Suite 1940, Toronto, Ontario, M5X 2A2.

## **APPENDIX “A”**

### **BOARD OF DIRECTORS MANDATE**

The Board has the responsibilities and duties as outlined below:

- 1) Responsible for the stewardship of the Company.
- 2) To oversee the management of the business and affairs of the Company.
- 3) To adopt a strategic planning process and review, on an annual basis, a strategic plan for the Company, which takes into account, among other things, the opportunities and risks of the business.
- 4) To identify the principal business risks and review and approve key policies and practices, particularly in the areas of mine development and safety, property acquisitions, mineral reserve and mineral resource estimations, internal control, corporate governance and risk management and ensure the implementation of appropriate systems to manage those risks.
- 5) To oversee the Company’s organizational structure and succession planning of the Chief Executive Officer.
- 6) To review and approve all material transactions.
- 7) To provide advice and counsel to the Chief Executive Officer.
- 8) To the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other executive officers and that the Chief Executive Officer and other executive officers create a culture of integrity throughout the organization.
- 9) To approve the appointment and compensation of executive management and training and monitoring of executive management.
- 10) To develop the Company’s approach to corporate governance and its corporate governance principles and guidelines.
- 11) To establish committees of the Board, delegate the appropriate responsibilities to those said committees, and appoint the Chairs for committees of the Board.
- 12) On the recommendation of the Corporate Governance Committee, to appoint directors or recommend nominees for election to the Board at the annual meeting of shareholders.
- 13) From its membership, to appoint a non-executive Chair of the Board.
- 14) To conduct and act upon annual assessments and evaluations of the Board, committees of the Board and individual directors.
- 15) To ensure that the Board receives from senior management the information and input required to enable the Board to effectively perform its duties.
- 16) To ensure the integrity of the Company’s internal controls, management information systems and cybersecurity.
- 17) To review the performance of the Company on a consolidated basis and approve all annual and quarterly financial statements and the declaration of dividends.
- 18) To perform such duties and approve certain matters as may be required by applicable legislation and regulations, including those of the Ontario Securities Commission and the Toronto Stock Exchange.
- 19) To oversee the establishment of processes for accurate, timely and full public disclosure, including the Statement of Corporate Disclosure Controls, Procedures and Policies prepared by the disclosure committee of the Company.
- 20) To ensure that there is an ongoing, appropriate, and effective process in place for ensuring adherence to the Company’s Code of Ethics and Business Conduct.

## APPENDIX “B”

### AUDIT COMMITTEE CHARTER

#### A. Purpose, Responsibilities and Authority

The audit committee (the “Audit Committee”) shall fulfill its responsibilities under applicable laws, regulations, and stock exchange requirements with respect to the employment, compensation and oversight of the Company’s independent auditor, and other matters under the authority of the Audit Committee. The Audit Committee shall also assist the Board in carrying out its oversight responsibilities relating to the Company’s financial, accounting and reporting processes, the management of financial and non-financial risks, the Company’s system of internal accounting and financial controls, the Company’s compliance with related legal and regulatory requirements, and the fairness of transactions between the Company and related parties.

In furtherance of this purpose, the Audit Committee shall have the following responsibilities and authority:

(a) External Auditors.

- (i) The Audit Committee shall recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review, or attest services for the Company, and shall set the compensation for the external auditor and shall ensure that the external auditor reports directly to the Audit Committee.
- (ii) The Audit Committee shall be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (iii) The Audit Committee shall review the external auditor’s audit plan, including scope, procedures, and timing of the audit.
- (iv) The Audit Committee shall pre-approve all non-audit services to be provided by the external auditor.
- (v) The Audit Committee shall review and approve the Company’s hiring policies regarding partners, employees and former partners and employers of the present and former external auditor.
- (vi) The Audit Committee shall review fees paid by the Company to the external auditor and other professionals in respect of audit and non-audit services on an annual basis.

(b) Financial Reporting and Internal Controls.

- (i) The Audit Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with generally accepted accounting principles, that the information contained therein is not erroneous, misleading, or incomplete and that the audit function has been effectively carried out.
- (ii) The Audit Committee shall report to the Board with respect to its review of the annual audited financial statements and recommend to the Board whether same should be approved prior to their being publicly disclosed.
- (iii) The Audit Committee shall review the Company’s annual and interim financial statements, management’s discussion and analysis relating to annual and interim financial statements, and earnings press releases prior to any of the foregoing being publicly disclosed by the Company.
- (iv) The Audit Committee shall satisfy itself that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements other than the disclosure referred to in Section (b)(iii) of this Charter, and periodically assess the adequacy of these procedures.
- (v) The Audit Committee shall oversee the preparation of reports relating to the Audit Committee required under applicable laws, regulations and stock exchange requirements.
- (vi) The Audit Committee shall oversee any investigations of alleged fraud and illegality relating to the Company’s finances.
- (vii) The Audit Committee shall establish whistleblowing procedures for: (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (2) the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.

(c) Risk Management

- (i) The Audit Committee shall meet no less frequently than annually with the external auditor and the Chief Financial Officer to review accounting practices, internal controls, management information systems, cybersecurity, auditing matters and such other matters as the Audit Committee deems appropriate.

- (ii) The Audit Committee shall inquire of management and the external auditor regarding significant financial and non-financial risks or exposures to which the Company may be subject and shall assess the adequacy of the steps that management has taken to minimize, manage and respond to such risks.
- (iii) The Audit Committee shall discuss with management and the external auditor any correspondence with regulators or governmental agencies and any employee complaints or reports which raise material issues regarding the Company's financial statements or accounting policies.
- (iv) The Audit Committee shall oversee the internal audit functions (as applicable).
- (v) The Audit Committee shall exercise oversight with respect to whistleblower and anti-fraud programs and controls.
- (vi) The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (vii) The Audit Committee shall review the availability and or adequacy of insurance coverage for insurable risks.
- (viii) The Audit Committee shall review legal and regulatory compliance matters that could have a material impact on the Company's business, operations or financial statements.
- (d) Additional Responsibilities and Authority
  - (i) The Audit Committee shall have the authority to: (i) to engage independent counsel and other advisors as it determines necessary to carry out its duties, (ii) to set and pay the compensation for any advisors employed by the Audit Committee, and (iii) to communicate directly with the internal (as applicable) and external auditors.
  - (ii) The Audit Committee shall perform any other responsibilities consistent with this Charter and any applicable laws as the Audit Committee or Board deems appropriate.
  - (iii) Conduct an annual performance evaluation of the Audit Committee and identify opportunities for improved effectiveness.

## **B. Limitation of Audit Committee's Role**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the external auditor.

## **C. Structure and Membership**

### **(a) Number and minimum qualifications**

The Audit Committee shall consist of a minimum of three persons.

All members of the Audit Committee shall meet the experience and financial literacy requirements of National Instrument NI 52-110 and the rules of the Toronto Stock Exchange.

### **(b) Independence Requirements**

All the members of the Audit Committee shall be "independent" as required for audit committees by National Instrument 52-110 and the rules of the Toronto Stock Exchange.

### **(c) Financial Literacy**

#### **(i) National Instrument 52-110**

Section 3.1(4) states that each audit committee member must be financially literate.

Section 1.6 defines the meaning of financial literacy as follows:

"For the purposes of this Instrument, an individual is financially literate if he or she 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 the issues that can reasonably be expected to be raised by the issuer's financial statements."

**APPENDIX “C”**

**LONG-TERM INCENTIVE PLAN**

**NEXTSOURCE MATERIALS INC.  
LONG-TERM INCENTIVE PLAN**

**NEXTSOURCE MATERIALS INC.  
LONG-TERM INCENTIVE PLAN**

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**NEXTSOURCE MATERIALS INC.  
LONG-TERM INCENTIVE PLAN**

NextSource Materials Inc. (the “**Company**”) hereby establishes this Omnibus Long-Term Incentive Plan for Eligible Participants and for the purposes set out herein.

**ARTICLE 1 – DEFINITIONS**

**Section 1.1 Definitions.**

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

“**Account**” means an account maintained for each Participant on the books of the Company which will be credited with Awards, including any Dividend Equivalents, in accordance with the terms of this Plan;

“**Affiliate**” has the meaning given to this term in the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time;

“**Associate**”, where used to indicate a relationship with a Participant, means (i) any partner of that Participant and (ii) the spouse of that Participant and that Participant’s children, as well as that Participant’s relatives and that Participant’s spouse’s relatives, if they share that Participant’s residence;

“**Awards**” means an Option, a SAR, a RSU, a DSU or a Retention Award granted to a Participant pursuant to the terms of the Plan;

“**Black-Out Period**” means a period of time when pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons designated by the Company;

“**Board**” has the meaning ascribed thereto in Section 2.1(1) hereof;

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Toronto, Ontario, for the transaction of banking business;

“**Cash Equivalent**” means the amount of money equal to the Market Value multiplied by the number of vested RSUs in the Participant’s Account, net of any applicable taxes in accordance with Section 10.2, on the RSU Settlement Date;

“**Cause**” has the meaning ascribed thereto in Section 8.2(1) hereof;

“**Change in Control**” means an event whereby (i) any Person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Shares or the combined voting power of the Company’s then outstanding voting securities entitled to vote generally; (ii) any Person acquires, directly or indirectly, securities of the Company to which is attached the right to elect the majority of the directors of the Company; (iii) the Company undergoes a liquidation or dissolution or sells all or substantially all of its assets; or (iv) the Board adopts a resolution to the effect that a Change in Control as defined herein has occurred or is imminent.

“**Committee**” has the meaning ascribed thereto in Section 2.1(1) hereof;

“**Consultant**” means a person, other than an officer, director, senior executive, or employee of the Company or a Subsidiary, that provides ongoing services to the Company, and includes for an individual Consultant, a corporation of which the individual Consultant is an employee or shareholder, or a partnership of which the individual Consultant is an employee or partner;

“**Consulting Agreement**” means, with respect to any Participant, any written consulting agreement between the Company or an affiliate and such Participant;

“**Dividend Equivalent**” means a bookkeeping entry equivalent in value to a dividend paid on a Share credited to a Participant’s Account in accordance with Section 4.5 hereof;

“**DSU**” means a deferred share unit, which is a bookkeeping entry equivalent in value to a Share credited by the Company to a Participant’s Account in accordance with Article 4 hereof, subject to the provisions of this Plan;

“**DSU Agreement**” means a written letter agreement between the Company and a Participant evidencing the grant of DSUs and the terms and conditions thereof;

**“Eligibility Date”** has the meaning ascribed thereto in Section 8.2(3) hereof;

**“Eligible Participants”** has the meaning ascribed thereto in Section 2.3(1) hereof;

**“Employment Agreement”** means, with respect to any Participant, any written employment agreement between the Company or an affiliate and such Participant;

**“Exercise Notice”** means a notice in writing signed by a Participant and stating the Participant’s intention to exercise a particular Award, if applicable;

**“Grant Agreement”** means an agreement evidencing the grant to a Participant of an Award, including an Option Agreement, a SAR Agreement, a DSU Agreement, a RSU Agreement, a Retention Award Agreement, an Employment Agreement, or a Consulting Agreement;

**“Insider”** has the meaning given to the term in Part I of the TSX Company Manual, as same may be amended, supplemented or replaced from time to time;

**“Market Value”** means at any date when the Market Value of Shares of the Company is to be determined, and (i) if the Shares of the Company are listed on the TSX, the “market price” as defined in Part I of the TSX Company Manual, as same may be amended, supplemented or replaced from time to time; or (ii) if the Shares of the Company are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith;

**“Notice of Redemption”** means the written notice by a Participant, or the administrator or liquidator of the estate of the Participant, to the Company of the Participant’s wish to redeem his or her DSUs for cash or Shares;

**“Option”** means an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, subject to the provisions of this Plan;

**“Option Agreement”** means a written letter agreement between the Company and a Participant evidencing the grant of Options and the terms and conditions thereof;

**“Option Price”** has the meaning ascribed thereto in Section 3.2 hereof;

**“Option Term”** has the meaning ascribed thereto in Section 3.4(1) hereof;

**“Participants”** means Eligible Participants that are granted Awards under the Plan;

**“Participant’s Account”** means an account maintained for each Participant’s participation in DSUs and/or RSUs under the Plan;

**“Performance Criteria”** means criteria established by the Board which, without limitation, may include criteria based on the Participant’s personal performance and/or the financial performance of the Company and/or of its Affiliates, and that may be used to determine the vesting of the Awards, when applicable;

**“Performance Period”** means the period determined by the Board pursuant to Section 5.3 hereof;

**“Person”** means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

**“Plan”** means this Omnibus Long-Term Incentive Plan, as amended and restated from time to time;

**“Restriction Period”** means the period determined by the Board pursuant to Section 5.4(1) hereof;

**“Retention Award”** means any payment to a Participant that is not payable periodically for services provided by the Participant, as determined by the Board from time to time, as provided in Article 7 hereof.

**“Retention Award Agreement”** means a written letter agreement between the Company and a Participant evidencing the grant of Retention Awards and the terms and conditions thereof;

**“Retention Payment”** means the retention payment specified in the Retention Agreement, Employment Agreement, or Consulting Agreement;

**“RSU”** means a right awarded by the Company to a Participant to receive a payment in the form of Shares as provided in Article 5 hereof, subject to the provisions of this Plan;

**“RSU Agreement”** means a written letter agreement between the Company and a Participant evidencing the grant of RSUs and the terms and conditions thereof;

**“RSU Settlement Date”** has the meaning determined in Section 5.6(1)(a);

**“RSU Settlement Notice”** means a notice by a Participant to the Company electing the desired form of settlement of vested RSUs.

**“RSU Vesting Determination Date”** has the meaning described thereto in Section 5.5 hereof;

**“SAR”** means a right granted to a Participant as provided in Article 6 hereof to receive, upon exercise by the Participant, the excess of (i) the Market Value of one Share on the date of exercise over (ii) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Board in its sole discretion, which, except in the case of Substitute Awards, shall not be less than the Market Value of one Share on such date of grant of the right or the related Option, as the case may be, subject to the provisions of this Plan;

**“SAR Agreement”** means a written letter agreement between the Company and a Participant evidencing the grant of SARs and the terms and conditions thereof;

**“SAR Price”** has the meaning ascribed thereto in Section 6.2 hereof;

**“SAR Term”** has the meaning ascribed thereto in Section 6.4(1) hereof;

**“Share Compensation Arrangement”** means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more full-time employees, directors, officers, insiders, service providers or Consultants of the Company or a Subsidiary including a share purchase from treasury by a full-time employee, director, officer, insider, service provider or Consultant which is financially assisted by the Company or a Subsidiary by way of a loan, guarantee or otherwise;

**“Shares”** means the common shares in the share capital of the Company;

**“Subsidiary”** means a corporation, company or partnership that is controlled, directly or indirectly, by the Company;

**“Successor Company”** has the meaning ascribed thereto in Section 9.1(3) hereof;

**“Tax Act”** means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time.

**“Termination Date”** means (i) in the event of a Participant’s resignation, the date on which such Participant ceases to be an employee of the Company or a Subsidiary and (ii) in the event of the termination of the Participant’s employment by the Company or a Subsidiary, the effective date of the termination as specified in the notice of termination provided to the Participant by the Company or the Subsidiary, as the case may be;

**“TSX”** means the Toronto Stock Exchange; and

**“Vested Awards”** has the meaning described thereto in Section 8.2(2) hereof.

## **ARTICLE 2 – PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS**

### **Section 2.1 Purpose of the Plan.**

- (1) The purpose of the Plan is to permit the Company to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:
  - (a) to increase the interest in the Company’s welfare of those Eligible Participants, who share responsibility for the management, growth and protection of the business of the Company or a Subsidiary;
  - (b) to provide an incentive to such Eligible Participants to continue their services for the Company or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Company or a Subsidiary are necessary or essential to its success, image, reputation or activities;
  - (c) to reward the Participants for their performance of services while working for the Company or a Subsidiary; and

- (d) to provide a means through which the Company or a Subsidiary may attract and retain able Persons to enter its employment.

## **Section 2.2 Implementation and Administration of the Plan.**

- (1) The Plan shall be administered and interpreted by the Board of Directors of the Company (the “**Board**”) or, if the Board by resolution so decides, by a committee appointed by the Board (the “**Committee**”) and consisting of not less than three (3) members of the Board. If a Committee is appointed for this purpose, all references to the term “Board” will be deemed to be references to the Committee.
- (2) The Board or, for greater certainty, the Committee, may, from time to time, as it may deem expedient, adopt, amend and rescind rules, regulations and policies for carrying out the provisions and purposes of the Plan, subject to any applicable rules of the TSX. Subject to the provisions of the Plan, the Board or, for greater certainty, the Committee, is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration of the Plan as it may deem necessary or advisable. The interpretation, construction and application of the Plan and any provisions hereof made by the Board or, for greater certainty, the Committee, shall be final and binding on all Eligible Participants.
- (3) No member of the Board or, for greater certainty, the Committee, shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.
- (4) Any determination approved by a majority of the Board or, for greater certainty, the Committee, shall be deemed to be a determination of that matter by the Board or, for greater certainty, the Committee.
- (5) Subject to the terms of this Plan and applicable law, the Board or, for greater certainty, the Committee, may delegate to one or more officers of the Company, or to a committee of such officers, the authority, subject to such terms and limitations as the Board or the Committee may determine, to grant, cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards.
- (6) The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issuance of any Shares or any other securities in the capital of the Company. For greater clarity, the Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, repurchasing Shares or varying or amending its share capital or corporate structure.

## **Section 2.3 Eligible Participants.**

- (1) The Persons who shall be eligible to receive Awards (“**Eligible Participants**”) shall be the directors, officers, senior executives and other employees of the Company or a Subsidiary, Consultants and service providers providing ongoing services to the Company and its Affiliates. In determining Awards to be granted under the Plan, the Board shall give due consideration to the value of each Eligible Participant’s present and potential future contribution to the Company’s success. For greater certainty, a Person whose employment with the Company or a Subsidiary has ceased for any reason, or who has given notice or been given notice of such cessation, whether such cessation was initiated by such employee, the Company or such Subsidiary, as the case may be, shall cease to be eligible to receive Awards hereunder as of the date on which such Person provides notice to the Company or the Subsidiary, as the case may be, in writing or verbally, of such cessation, or on the Termination Date for any cessation of a Participant’s employment initiated by the Company.
- (2) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant’s relationship or employment with the Company.
- (3) Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment by the Company to the Participant.

## **Section 2.4 Shares Subject to the Plan.**

- (1) Subject to adjustment pursuant to provisions of Article 9 hereof, the total number of Shares reserved and available for grant and issuance pursuant to Awards under the Plan shall not exceed a number of Shares equal to ten percent (10%) of the total issued and outstanding Shares of the Company at the time of granting of Awards (on a non-diluted basis) or such other number as may be approved by the shareholders of the Company from time to time. Any increase in the issued and outstanding Shares (whether as a result of exercise of Awards or otherwise) will result in an increase in the number of Shares that may be granted and issued pursuant to Awards under the Plan and any Awards granted will, upon exercise, make new grants and issuances available under the Plan.

- (2) Shares in respect of which an Award is granted under the Plan, but not exercised prior to the termination of such Award or not vested or delivered prior to the termination of such Award due to the expiration, termination or lapse of such Award, shall be available for Awards to be granted thereafter pursuant to the provisions of the Plan.
- (3) All Shares issued pursuant to the exercise or the vesting of the Awards granted under the Plan shall be so issued as fully paid and non-assessable Shares.

#### **Section 2.5 Granting of Awards.**

- (1) Any Award granted under the Plan shall be subject to the requirement that if at any time counsel to the Company shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, if applicable, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.
- (2) Any Award granted under the Plan shall be subject to the requirement that the Company has the right to place any restriction or legend on any securities issued pursuant to this Plan including, but in no way limited to placing a legend to the effect that the securities have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States unless registration or an exemption from registration is available.

### **ARTICLE 3 – OPTIONS**

#### **Section 3.1 Nature of Options.**

An Option is an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, subject to the provisions of this Plan. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an Option.

#### **Section 3.2 Option Awards.**

Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the “**Option Price**”) and the relevant vesting provisions (including Performance Criteria, if applicable) and Option Term, the whole subject to the terms and conditions prescribed in this Plan, in any Option Agreement and any applicable rules of the TSX.

#### **Section 3.3 Option Price.**

The Option Price for Shares that are the subject of any Option shall be fixed by the Board when such Option is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

#### **Section 3.4 Option Term.**

- (1) The Board shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, commencing on the date such Option is granted to the Participant and ending as specified in this Plan, or in the Option Agreement, but in no event shall an Option expire on a date which is later than ten (10) years from the date the Option is granted (“**Option Term**”). Unless otherwise determined by the Board, all unexercised Options shall be cancelled at the expiry of such Options.
- (2) Should the expiration date for an Option fall within a Black-Out Period or within ten (10) Business Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black-Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Section 9.2 hereof, the ten (10) Business Day-period referred to in this Section 3.4 may not be extended by the Board.

#### **Section 3.5 Exercise of Options.**

- (1) Subject to the provisions of this Plan, a Participant shall be entitled to exercise an Option granted to such Participant at any time prior to the expiry of the Option Term, subject to vesting limitations which may be imposed by the Board at the time such Option is granted.

- (2) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, no Option shall be exercised by a Participant during a Black-Out Period.

### **Section 3.6 Method of Exercise and Payment of Purchase Price.**

- (1) Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in Section 3.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Company at its registered office to the attention of the Corporate Secretary of the Company (or the individual that the Corporate Secretary of the Company may from time to time designate) or give notice in such other manner as the Company may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by full payment, by cash, cheque or bank draft of the purchase price for the number of Shares specified therein.
- (2) Upon the exercise of an Option, the Company shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to either:
  - (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
  - (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.
- (3) With the consent of the Board, a Participant may, rather than exercise the Option which the Participant is entitled to exercise under this Plan as provided above, elect to surrender such Option, in whole or in part and, in lieu of receiving the Shares to which the exercised Option relates, receive, as consideration for the surrender of such Option, the number of Shares, disregarding fractions, which, when multiplied by the Market Value of the Shares to which the exercised Option relates, have a value equal to the product of the number of Shares to which the exercised Option relates multiplied by the difference between the Market Value of such Shares and the Option Price of such Option. The Company makes no representation to any Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) that it will waive or renounce its right to claim a deduction in respect of such payment.

### **Section 3.7 Option Agreements.**

Options shall be evidenced by an Option Agreement or included in an Employment Agreement or Consulting Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 3 and Article 8 hereof be included therein. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

## **ARTICLE 4 – DEFERRED SHARE UNITS**

### **Section 4.1 Nature of DSUs.**

A DSU is an Award of phantom share units to an Eligible Participant, subject to restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

### **Section 4.2 Election to Participate.**

Each Eligible Participant may elect, once each calendar year, to be paid a percentage of his or her annual retainer in the form of DSUs, with the balance being paid in cash. In the case of an existing Eligible Participant, the election must be completed, signed and delivered to the Company by the end of the fiscal year preceding the fiscal year to which such election is to apply. In the case of a new Eligible Participant, the election must be completed, signed and delivered to the Company as soon as possible, and, in any event, no later than thirty (30) days, after the Eligible Participant's appointment, with such election to be effective on the first day of the fiscal quarter of the Company next following the date of the Company's receipt of the election until the final day of the fiscal year of appointment. For the first year of the Plan, Eligible Participants must make such election as soon as possible, and, in any event, no later than thirty (30) days, after adoption of the Plan and the election shall be effective on the first day of the fiscal quarter

of the Company next following the date of the Company's receipt of the election until the final day of such fiscal year. If no election is made in respect of a particular fiscal year, the new or existing Eligible Participant will receive the annual retainer in cash.

#### **Section 4.3      DSU Awards.**

The number of DSUs that an Eligible Participant is entitled to receive in a fiscal year is based upon the percentage that the Eligible Participant has elected to receive in DSUs multiplied by the Participant's annual retainer divided by the Market Value. At the discretion of the Board, fractional DSUs will not be issued and any fractional entitlements will be rounded down to the nearest whole number.

#### **Section 4.4      Redemption of DSUs.**

- (1) Each Participant shall be entitled to redeem his or her DSUs during the period commencing on the business day immediately following the Termination Date and ending on the 90th day following the Termination Date by providing a written Notice of Redemption to the Company. In the event of death of a Participant, the Notice of Redemption shall be filed by the administrator or liquidator of the estate of the Participant. The Notice of Redemption must specify an election to receive:
  - (a) a cash payment equal to the number of DSUs credited to the Participant's Account as of the Termination Date multiplied by the Market Value on the Termination Date, net of any applicable withholding taxes; or
  - (b) in the case of settlement of DSUs for Shares, delivery of a share certificate to the Participant or the entry of the Participant's name on the share register for the Shares (or in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant shall then be entitled to receive to be evidenced by a book position on the register of the shareholders of the Company maintained by the transfer agent and registrar of the Shares); or
  - (c) a percentage of the DSUs paid out in cash and the remaining percentage of the DSUs paid out as Shares.

In the event a Notice of Redemption is not provided by a Participant, such Participant will be deemed to have elected to receive Shares as provided for in Section 4.4(1)(b). Notwithstanding an election by a Participant to receive a cash payment in accordance with Section 4.4(1)(a) or (c), the Company may, in its sole discretion, elect to settle amounts owing to a Participant pursuant to DSUs by the issuance of Shares only.

- (2) Where Shares are to be issued to a Participant, the Company will be required to (within ten (10) business days) issue the Shares. The number of Shares will be computed by taking the number of DSUs that the Participant elected to receive in Shares, net of the number of DSUs that would equal to any applicable withholding taxes.
- (3) The Company will make all of the payments described in this Article 4 (referred to hereinafter as the "Final Payment") to the Participant, within 120 days of the Termination Date. Upon making such payment to the Participant, the DSUs upon which such payment was based shall be cancelled and no further payments shall be made from the Plan in relation to such DSUs.

#### **Section 4.5      Award of Dividend Equivalents.**

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of DSUs in a Participant's Account on the same basis as dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. These Dividend Equivalents will, if awarded, be credited to the Participant's Account as additional DSUs (or fractions thereof), with the number of additional DSUs based on (a) the actual amount of dividends that would have been paid if the Participant had held Shares under the Plan on the applicable record date divided by (b) the Market Value per Share on the date on which the dividends on Shares are payable. For greater certainty, no DSUs representing Dividend Equivalents will be credited to a Participant's Account in relation to DSUs that have been previously cancelled or paid out of the Plan and all additional DSUs credited as a result of a Dividend Equivalent will be credited at the same time as any applicable Final Payment.

#### **Section 4.6      Unfunded Plan.**

Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of DSUs under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company. Notwithstanding the foregoing, any determinations made shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the Income Tax Regulations, adopted under the Tax Act or any successor provision thereto.

#### **Section 4.7 DSU Agreements.**

DSUs shall be evidenced by a DSU Agreement or included in an Employment Agreement or Consulting Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 4 and Article 8 hereof be included therein. The DSU Agreement shall contain such terms that may be considered necessary in order that the DSU will comply with any provisions respecting deferred share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

### **ARTICLE 5 – RESTRICTED SHARE UNITS**

#### **Section 5.1 Nature of RSUs.**

A RSU is an Award entitling the recipient to acquire Shares, at such purchase price (which may be zero) as determined by the Board, or receive or receive a Cash Equivalent, subject to such restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

#### **Section 5.2 RSU Awards.**

- (1) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, and (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and Restriction Period of such RSUs, the whole subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.
- (2) The RSUs are structured so as to be considered to be a plan described in section 7 of the Tax Act or any successor provision thereto.
- (3) Subject to the vesting and other conditions and provisions herein set forth and in the RSU Agreement, each RSU awarded to a Participant shall entitle the Participant, at his or her election, to receive one Share issued from treasury or the Cash Equivalent at any time beginning on the first Business Day following their RSU Vesting Determination Date but no later than the RSU Settlement Date.

#### **Section 5.3 Restriction Period.**

The applicable restriction period in respect of a particular RSU award shall be determined by the Board but in all cases shall end no later than December 31 of the calendar year which is three (3) years after the calendar year in which the Award is granted (“**Restriction Period**”). For example, the Restriction Period for a grant made in June 2020 shall end no later than December 31, 2023. Subject to the Board’s determination, any vested RSUs with respect to a Restriction Period will be paid to Participants in accordance with Article 5, no later than the end of the Restriction Period. Unless otherwise determined by the Board, all unvested RSUs shall be cancelled on the RSU Vesting Determination Date (as such term is defined in Section 5.5) and, in any event, no later than the last day of the Restriction Period.

#### **Section 5.4 Performance Criteria and Performance Period.**

- (1) For each award of RSUs, the Board shall establish the period in which any Performance Criteria and other vesting conditions must be met in order for a Participant to be entitled to receive Shares in exchange for all or a portion of the RSUs held by such Participant (the “**Performance Period**”), provided that such Performance Period may not expire after the end of the Restriction Period, being no longer than three (3) years after the financial year in which the Award was granted. For example, a Performance Period determined by the Board to be for a period of three (3) financial years will start on the first day of the financial year in which the award is granted and will end on the last day of the second financial year after the year in which the grant was made. In such a case, for a grant made on August 5, 2020, the Performance Period will start on July 1, 2020 and will end on June 30, 2022.
- (2) For each award of RSUs, the Board shall establish any Performance Criteria and other vesting conditions which must be met during the Performance Period in order for a Participant to be entitled to receive Shares in exchange for his or her RSUs.

#### **Section 5.5 RSU Vesting Determination Date.**

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to a RSU have been met (the “**RSU Vesting Determination Date**”), and as a result, establishes the number

of RSUs that become vested, if any. For greater certainty, the RSU Vesting Determination Date must fall after the end of the Performance Period, if any, but no later than the last day of the Restriction Period.

#### **Section 5.6 Settlement of RSUs.**

- (1) Except as otherwise provided in the RSU Agreement, in the event that the vesting conditions, the Performance Criteria and Performance Period, if applicable, of an RSU are satisfied:
  - (a) all of the vested RSUs covered by a particular grant may, subject to Section 5.6(4), be settled at any time beginning on the first Business Day following their RSU Vesting Determination Date but no later than the date that is ten (10) years from their RSU Vesting Determination Date (the “**RSU Settlement Date**”);
  - (b) a Participant is entitled to deliver to the Company, on or before the RSU Settlement Date, an RSU Settlement Notice in respect of any or all vested RSUs held by such Participant; and
  - (c) with the consent of the Board in the RSU Settlement Notice, the Participant may elect, in such Participant’s sole discretion, including with respect to any fractional RSUs, to settle vested RSUs for their Cash Equivalent, Shares issued from treasury, or a combination thereof.
- (2) Subject to Section 5.6(4), settlement of RSUs shall take place promptly following the RSU Settlement Date and take the form set out in the RSU Settlement Notice through:
  - (a) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
  - (b) in the case of settlement of RSUs for Shares, delivery of a share certificate to the Participant or the entry of the Participant’s name on the share register for the Shares (or in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant shall then be entitled to receive to be evidenced by a book position on the register of the shareholders of the Company maintained by the transfer agent and registrar of the Shares); or
  - (c) in the case of settlement of the RSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.
- (3) If an RSU Settlement Notice is not received by the Company on or before the RSU Settlement Date, settlement shall take the form of Shares issued from treasury as set out in Section 5.7(2). Notwithstanding an election by a Participant to receive a cash payment in accordance with Section 5.4(1)(a) or (c), the Company may, in its sole discretion, elect to settle amounts owing to a Participant pursuant to RSUs by the issuance of Shares only.
- (4) Notwithstanding any other provision of this Plan, in the event that an RSU Settlement Date falls during a Black-Out Period or other trading restriction imposed by the Company and the Participant has not delivered an RSU Settlement Notice, then such RSU Settlement Date shall be automatically extended to the tenth (10th) Business Day following the date that such Black-Out Period or other trading restriction is lifted, terminated or removed.

#### **Section 5.7 Determination of Amounts.**

- (1) Cash Equivalent of RSUs. For purposes of determining the Cash Equivalent of RSUs to be made pursuant to Section 5.6, such calculation will be made on the RSU Settlement Date and shall equal the Market Value on the RSU Settlement Date multiplied by the number of vested RSUs in the Participant’s Account which the Participant desires to settle in cash pursuant to the RSU Settlement Notice, less any amount withheld on account of taxes in accordance with Section 11.2.
- (2) Payment in Shares; Issuance of Shares from Treasury. For the purposes of determining the number of Shares from treasury to be issued and delivered to a Participant upon settlement of RSUs pursuant to Section 5.6, such calculation will be made on the RSU Settlement Date and be the whole number of Shares equal to the whole number of vested RSUs then recorded in the Participant’s Account which the Participant desires to settle pursuant to the RSU Settlement Notice. Shares issued from treasury will be issued in consideration for the past services of the Participant to the Company and the entitlement of the Participant under this Plan shall be satisfied in full by such issuance of Shares.

#### **Section 5.8 RSU Agreements.**

RSUs shall be evidenced by a RSU Agreement or included in an Employment Agreement or Consulting Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 5 and Article 8 hereof be included therein. The RSU Agreement shall contain such terms that may be considered necessary in order that the RSU will comply with any provisions respecting restricted share units in the income tax or other laws in force in any country or

jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

#### **Section 5.9 Award of Dividend Equivalents.**

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of RSUs in a Participant's Account on the same basis as dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. These Dividend Equivalents will, if awarded, be credited to the Participant's Account as additional RSUs (or fractions thereof), with the number of additional RSUs based on (a) the actual amount of dividends that would have been paid if the Participant had held Shares under the Plan on the applicable record date divided by (b) the Market Value per Share on the date on which the dividends on Shares are payable. For greater certainty, no RSUs representing Dividend Equivalents will be credited to a Participant's Account in relation to RSUs that have been previously cancelled or paid out of the Plan and all additional RSUs credited as a result of a Dividend Equivalent will be credited at the same time as any applicable Final Payment. In the event that the Participant's applicable RSUs do not vest, all Dividend Equivalents, if any, associated with such RSUs will be forfeited by the Participant and returned to the Company's account.

### **ARTICLE 6 – SHARE APPRECIATION RIGHTS**

#### **Section 6.1 Nature of SARs.**

A SAR is an Award entitling the recipient to receive Shares having a value equal to the excess of the Market Value of one Share on the date of exercise over the grant price of the right on the date of grant, multiplied by the number of Shares with respect to which the SAR shall have been exercised. The grant price of shall not be less than the Market Value of one Share on such date of grant of the right.

#### **Section 6.2 SAR Awards.**

Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive SAR Awards under the Plan, (ii) fix the number of SAR Awards to be granted to each Eligible Participant and the date or dates on which such SAR Awards shall be granted, and (iii) determine the price per Share to be payable upon the vesting of each such SAR (the "**SAR Price**") and the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and the SAR Term, the whole subject to the terms and conditions prescribed in this Plan and in any SAR Agreement.

#### **Section 6.3 SAR Price.**

The SAR Price for the Shares that are the subject of any SAR shall be fixed by the Board when such SAR is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

#### **Section 6.4 SAR Term.**

- (1) The Board shall determine, at the time of granting the particular SAR, the period during which the SAR is exercisable, which shall not be more than ten (10) years from the date the SAR is granted ("**SAR Term**") and the vesting schedule of such SAR, which will be detailed in the respective SAR Agreement. Unless otherwise determined by the Board, all unexercised SARs shall be cancelled at the expiry of such SAR.
- (2) Should the expiration date for a SAR fall within a Black-Out Period or within ten (10) Business Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth (10th) Business Day after the end of the Black-Out Period, such tenth (10th) Business Day to be considered the expiration date for such SAR for all purposes under the Plan. Notwithstanding Section 9.2 hereof, the ten (10) Business Day-period referred to in this Section 6.4 may not be extended by the Board.

#### **Section 6.5 Exercise of SARs.**

Prior to its expiration or earlier termination in accordance with the Plan, each SAR shall be exercisable as to all or such part or parts of the granted Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular SAR, may determine in its sole discretion. For greater certainty, no SAR shall be exercised by a Participant during a Black-Out Period.

#### **Section 6.6 Method of Exercise and Payment of Purchase Price.**

- (1) Subject to the provisions of the Plan, a SAR granted under the Plan shall be exercisable (from time to time as provided in Section 6.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Company at its registered office to the attention

of the Corporate Secretary of the Company (or to the individual that the Corporate Secretary of the Company may from time to time designate) or give notice in such other manner as the Company may from time to time designate, no less than three (3) business days in advance of the effective date of the proposed exercise, which notice shall specify the number of Shares with respect to which the SAR is being exercised and the effective date of the proposed exercise.

- (2) The exercise of a SAR with respect to any number of Shares shall entitle the Participant to Shares equal to the excess of the Market Value of a Share on the effective date of such exercise over the per share SAR Price.
- (3) Upon the exercise, the Company shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to either:
- (4) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or
- (5) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.

#### **Section 6.7 SAR Agreements.**

SARs shall be evidenced by a SAR Agreement or included in an Employment Agreement or Consulting Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 6 and Article 8 hereof be included therein. The SAR Agreement shall contain such terms that may be considered necessary in order that the SAR will comply with any provisions respecting stock appreciation rights in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

### **ARTICLE 7 – RETENTION AWARDS**

#### **Section 7.1 Nature of Retention Awards.**

Retention Awards are any payment to an Eligible Participant that is not payable periodically for services provided by the Eligible Participant, as determined by the Board from time to time.

#### **Section 7.2 Retention Awards.**

- (1) Subject to the provisions herein set forth, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Retention Awards under the Plan, (ii) fix the number of Retention Awards, if any, to be granted to each Eligible Participant and the date or dates on which such Retention Awards shall be granted, and (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) of such Retention Awards, the whole subject to the terms and conditions prescribed in this Plan and in any Retention Award Agreement, Employment Agreement or Consulting Agreement.
- (2) Subject to the vesting and other conditions and provisions herein set forth and in the Retention Award Agreement, Employment Agreement or Consulting Agreement, each Retention Award awarded to a Participant shall entitle the Participant to receive, on the vesting date of the Retention Award, such number of Shares, disregarding fractions, which, when multiplied by the Market Value of the Shares on the vesting date of the Retention Award, to which the Retention Awards relate, have a value equal to the Retention Payment, less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Company.

#### **Section 7.3 Payment to Participant.**

In the event that the vesting conditions of a Retention Award are satisfied, the Company shall, as soon as possible after the date of vesting of the Retention Awards cause the transfer agent and registrar of the Shares to either:

- (1) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or

- (2) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.

#### **Section 7.4 Retention Award Agreements.**

Retention Awards shall be evidenced by a Retention Award Agreement or included in an Employment Agreement or Consulting Agreement, in such form not inconsistent with the Plan, as the Board may from time to time determine, provided that the substance of Article 7 and Article 8 hereof be included therein. The Retention Award Agreement shall contain such terms that may be considered necessary in order that the Retention Award will comply with any provisions respecting such awards in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

### **ARTICLE 8 – GENERAL CONDITIONS**

#### **Section 8.1 General Conditions applicable to Awards.**

Each Award, as applicable, shall be subject to the following conditions:

- (1) **Employment** - The granting of an Award to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ in any capacity. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Company to grant any awards in the future nor shall it entitle the Participant to receive future grants.
- (2) **Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant). Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.
- (3) **Conformity to Plan** – In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (4) **Transferrable Awards** – Awards granted under this Plan shall be transferrable or assignable only to a “permitted assign” and shall be exercisable only by the Participant or his or her permitted assign. For the purposes hereof, “permitted assign” means for such Participant:
  - (a) a trustee, custodian or administrator acting on behalf, or for the benefit, of the Participant;
  - (b) a holding entity of the Participant; or
  - (c) a registered retirement savings plan (“RRSP”) or registered retirement income fund (“RRIF”) of the Participant, as such terms are defined in the Tax Act;

#### **Section 8.2 General Conditions applicable to Options, SARs and Retention Awards.**

Each Option, SAR or Retention Award, as applicable, shall be subject to the following conditions:

- (1) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for “Cause”, any Option, SAR or Retention Award or the unexercised or unvested portion thereof, as applicable, when granted to such Participant shall terminate on the effective date of the termination as specified in the notice of termination. For the purposes of the Plan, the determination by the Company that the Participant was discharged for cause shall be binding on the Participant. “Cause” shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the any code of conduct of the Company (or equivalent policy) and any reason determined by the Company to be cause for termination.
- (2) **Death.** If a Participant dies while in his or her capacity as an Eligible Participant, any vested Option, SAR or Retention Award or the unexercised portion thereof, granted to such Participant may be exercised by the liquidator, executor or administrator, as the case may be, of the estate of the Participant for that number of Shares only which such Participant was entitled to acquire under the respective Options, SARs or Retention Awards (the “Vested Awards”) hereof on the date of such Participant's death. Such Vested Award shall only be exercisable within one (1) year after the Participant's

death or prior to the expiration of the original term of the Options, SARs or Retention Awards, as applicable, whichever occurs earlier. All Options, SARs or Retention Awards or the unexercised or unvested portion thereof, as applicable, other than such Vested Awards on the date of such Participant's death, will be cancelled on the date of such Participant's death.

- (3) **Disability.** Upon a Participant ceasing to be an Eligible Participant by reason of injury or disability or upon a Participant becoming eligible to receive long-term disability benefits, any Option, SAR or Retention Award or the unexercised portion thereof, granted to such Participant may be exercised by such Participant or his/her representative as the rights to exercise accrue. Such Option, SAR or Retention Award shall only be exercisable (i) within three (3) years after such cessation or (ii) the effective date on which the Participant becomes eligible to receive long-term disability benefits (provided that, for greater certainty, such effective date shall be confirmed in writing to the Company by the insurance company providing such long-term disability benefits) (the "Eligibility Date")) or (iii) prior to the expiration of the original term of the Option, SAR or Retention Award, whichever occurs earlier. All Options, SARs or Retention Awards or the unexercised or unvested portion thereof, as applicable, on the date that is three (3) years after such cessation, will be cancelled on such date.
- (4) **Termination or Cessation.** In the case of a Participant ceasing to be an Eligible Participant for any reason (other than for "cause", death or disability) the right to exercise an Option, SAR or Retention Award shall be limited to and shall expire on the earlier of one year after the Termination Date, or the expiry date of the Award set forth in the Grant Agreement, to the extent such Award was exercisable by the Participant on the Termination Date.

### **Section 8.3 General Conditions applicable to RSUs.**

Each RSU shall be subject to the following conditions:

- (1) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for "Cause" or the Participant's resignation from employment with the Company or a Subsidiary, the Participant's participation in the Plan shall be terminated immediately, all RSUs credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights to Shares that relate to such Participant's unvested RSUs shall be forfeited and cancelled on the Termination Date.
- (2) **Cessation of Employment.** Except as otherwise determined by the Board from time to time, at its sole discretion, upon a Participant's (i) retirement, (ii) employment with the Company or a Subsidiary being terminated by the Company or a Subsidiary for reasons other than for "cause", (iii) employment with the Company or a Subsidiary being terminated by reason of injury or disability or (iv) becoming eligible to receive long-term disability benefits, the Participant's participation in the Plan shall be terminated immediately (provided that, for the Participant becoming eligible to receive long-term disability benefits, such termination shall occur on the Eligibility Date), provided that all unvested RSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date.
- (3) **Retirement.** In the case of a Participant's retirement, this Section 8.3(3) shall not apply to a Participant in the event such Participant, directly or indirectly, in any capacity whatsoever, alone, through or in connection with any person, carries on or becomes employed by, engaged in or otherwise commercially involved in, any activity or business in the mining industry prior to the applicable RSU Vesting Determination Date. In such event, Section 8.3(2) shall apply to such Participant.
  - (a) If, on the RSU Vesting Determination Date, the Board determines that the vesting conditions were not met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares that relate to such unvested RSUs shall be forfeited and cancelled.
  - (b) If, on the RSU Vesting Determination Date, the Board determines that the vesting conditions were met for such RSUs, the Participant shall be entitled to receive that number of Shares equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Company or a Subsidiary during the applicable Performance Period, if any, as of the date of the Participant's retirement, termination or Eligibility Date and the denominator of which shall be equal to the total number of months included in the applicable Performance Period, if any (which calculation shall be made on the applicable RSU Vesting Determination Date) and the Company shall distribute such number of Shares to the Participant as soon as practicable thereafter, but no later than the end of the Restriction Period, the Company shall debit the corresponding number of RSUs from such Participant's Account, and the Participant's rights to all other Shares that relate to such Participant's RSUs shall be forfeited and cancelled.

- (4) **Death.** Except as otherwise determined by the Board from time to time, at their sole discretion, upon the death of a Participant, the Participant's participation in the Plan shall be terminated immediately, provided that all unvested RSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board.
- (a) If, on the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board, the Board determines that the vesting conditions were not met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares (or cash or a combination of Shares and cash as permitted under this Plan) that relate to such unvested RSUs shall be forfeited and cancelled.
- (b) If, on the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board, the Board determines that the vesting conditions were met, the liquidator, executor or administrator, as the case may be, of the estate of the Participant shall be entitled to receive that number of Shares equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Company or a Subsidiary during the applicable Performance Period, if any, as of the date of death of the Participant and the denominator of which shall be equal to the total number of months included in the applicable Performance Period, if any (which calculation shall be made on the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board) and the Company shall distribute such number of Shares to the liquidator, executor or administrator, as the case may be, of the estate of the Participant as soon as practicable thereafter but no later than the end of the Restriction Period, the Company shall debit the corresponding number of RSUs from such deceased Participant's Account, and the Participant's right to all other Shares that relate to such deceased Participant's RSUs shall be forfeited and cancelled.
- (5) **Leave of Absence.** Except as otherwise determined by the Board from time to time, at their sole discretion, upon a Participant electing a voluntary leave of absence, the Participant's participation in the Plan shall be terminated immediately, provided that all unvested RSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date.
- (a) If, on the applicable RSU Vesting Determination Date, the Board determines that the vesting conditions were not met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares (or cash or a combination of Shares and cash as permitted under this Plan) that relate to such unvested RSUs shall be forfeited and cancelled.
- (b) If, on the applicable RSU Vesting Determination Date, the Board determines that the vesting conditions were met, the Participant shall be entitled to receive that number of Shares equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Company or a Subsidiary during the relevant Performance Period, if any, as of the date the Participant elects for a voluntary leave of absence and the denominator of which shall be equal to the total number of months included in the relevant Performance Period, if any (which calculation shall be made on the applicable RSU Vesting Determination Date) and the Company shall distribute such number of Shares (or cash or a combination of Shares and cash as permitted under this Plan) to the Participant as soon as practicable thereafter but no later than the end of the applicable Restriction Period, the Company shall debit the corresponding number of RSUs from such Participant's Account, and the Participant's right to all other Shares that relate to such Participant's RSUs shall be forfeited and cancelled.
- (c) Subject to applicable laws, the Board may decide, at their sole discretion that Section 8.3(5) should not apply to voluntary leaves granted to a Participant by the Company for a period of twelve (12) months or less. In such event, all unvested RSUs in such Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date.
- (6) **General.** For greater certainty, where (i) a Participant's employment with the Company or a Subsidiary is terminated pursuant to Section 8.3(1), Section 8.3(2) or Section 8.3(4) hereof or (ii) a Participant elects for a voluntary leave of absence pursuant to Section 8.3(5) hereof following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution or payment in respect of such RSUs, the Participant shall remain entitled to such distribution or payment.

## ARTICLE 9 – ADJUSTMENTS AND AMENDMENTS

### Section 9.1 Adjustment to Shares Subject to Outstanding Awards.

- (1) In the event of any subdivision of the Shares into a greater number of Shares at any time after the grant of an Award to a Participant and prior to the expiration of the term of such Award, the Company shall deliver to such Participant, at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof, in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such subdivision if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (2) In the event of any consolidation of Shares into a lesser number of Shares at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Company shall deliver to such Participant at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such consideration if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (3) If at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Section 9.1(1) or Section 9.1(2) hereof or, subject to the provisions of Section 9.2(3) hereof, the Company shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein called the “**Successor Company**”), the Participant shall be entitled to receive upon the subsequent exercise or vesting of Award, in accordance with the terms hereof and shall accept in lieu of the number of Shares then subscribed for but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class or other securities of the Company or the Successor Company (as the case may be) or other consideration from the Company or the Successor Company (as the case may be) that such Participant would have been entitled to receive as a result of such reclassification, reorganization or other change of shares or, subject to the provisions of Section 9.2(3) hereof, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change of shares or the effective date of such consolidation, merger or amalgamation, as the case may be, such Participant had been the registered holder of the number of Shares to which such Participant was immediately theretofore entitled upon such exercise or vesting of such Award.
- (4) If, at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Company shall make a distribution to all holders of Shares or other securities in the capital of the Company, or cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or shares, but including for greater certainty shares or equity interests in a Subsidiary or business unit of the Company or one of its Subsidiaries or cash proceeds of the disposition of such a Subsidiary or business unit), or should the Company effect any transaction or change having a similar effect, then the price or the number of Shares to which the Participant is entitled upon exercise or vesting of Award shall be adjusted to take into account such distribution, transaction or change. The Board shall determine the appropriate adjustments to be made in such circumstances in order to maintain the Participants’ economic rights in respect of their Awards in connection with such distribution, transaction or change.

### Section 9.2 Amendment or Discontinuance of the Plan.

- (1) The Board may amend the Plan or any Award at any time without the consent of the Participants provided that such amendment shall:
  - (a) not adversely alter or impair any Award previously granted except as permitted by the provisions of Article 9 hereof;
  - (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
  - (c) be subject to shareholder approval, where required by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to: amendments of a “housekeeping” nature; a change to the vesting provisions of any Award; the introduction or amendment of a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve; and the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted.

- (2) Notwithstanding Section 9.2(1)(c), the Board shall be required to obtain shareholder approval to make the following amendments:
- (a) any change to the maximum number of Shares issuable from treasury under the Plan, except such increase by operation of Section 2.4 and in the event of an adjustment pursuant to Article 9;
  - (b) any amendment which reduces the exercise price of any Award, as applicable, after such Awards have been granted or any cancellation of an Award and the substitution of that Award by a new Award with a reduced price, except in the case of an adjustment pursuant to Article 9;
  - (c) any amendment which extends the expiry date of any Award, or the Restriction Period of any RSU beyond the original expiry date, except in case of an extension due to a Black- Out Period;
  - (d) any amendment which would permit a change to the Eligible Participants;
  - (e) any amendment which would permit any Award granted under the Plan to be transferable or assignable by any Participant other than as allowed by Section 8.1(4);
  - (f) any amendment to the amendment provisions of the Plan,
- provided that Shares held directly or indirectly by Insiders benefiting from the amendments in Sections (b) and (c) shall be excluded when obtaining such shareholder approval.
- (3) Notwithstanding anything contained to the contrary in the Plan, in a Grant Agreement contemplated herein, but subject to any specific provisions contained in any Employment Agreements or Consulting Agreements, in the event of a Change in Control, a reorganization of the Company, an amalgamation of the Company, an arrangement involving the Company, a take-over bid (as that term is defined in the Securities Act (Ontario)) for all of the Shares or the sale or disposition of all or substantially all of the property and assets of the Company, the Board may make such provision for the protection of the rights of the Participants as the Board in its discretion considers appropriate in the circumstances, including, without limitation, changing the Performance Criteria and/or other vesting conditions for the Awards and/or the date on which any Award expires or the Restriction Period, the Performance Period, the Performance Criteria and/or other vesting conditions for the Awards.
- (4) The Board may, by resolution, advance the date on which any Award may be exercised or payable or, subject to applicable regulatory provisions, including the rules of the TSX, and shareholder approval, extend the expiration date of any Award, in the manner to be set forth in such resolution provided that the period during which an Option or a SAR is exercisable or RSU is outstanding does not exceed ten (10) years from the date such Option or SAR is granted in the case of Options and SARs and three (3) years after the calendar year in which the award is granted in the case of RSUs. The Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which any Option or SAR may be exercised or RSU may be outstanding by any other Participant.
- (5) The Committee may, by resolution, but subject to applicable regulatory approvals, decide that any of the provisions hereof concerning the effect of termination of the Participant's employment shall not apply for any reason acceptable to the Committee.
- (6) The Board may, subject to regulatory approval, discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely affect any Awards previously granted to a Participant under the Plan.

## **ARTICLE 10 – MISCELLANEOUS**

### **Section 10.1 Use of an Administrative Agent and Trustee.**

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Company and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

### **Section 10.2 Tax Withholding.**

- (1) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source and tax withholding deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to

have the appropriate number of such Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company pursuant to Section 10.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules.

- (2) Notwithstanding the first paragraph of this Section 10.2, the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

### **Section 10.3 Reorganization of the Company.**

The existence of any Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

### **Section 10.4 Personal Information**

Each Participant shall provide the Company and the Board with all information they require in order to administer the Plan. The Company and the Board may from time to time transfer or provide access to such information to a third party service provider for purposes of the administration of the Plan provided that such service providers will be provided with such information for the sole purpose of providing such services to the Company. By participating in the Plan, each Participant acknowledges that information may be so provided and agrees to its provision on the terms set forth herein. Except as specifically contemplated in this Section 10.4, the Company and the Board shall not disclose the personal information of a Participant except: (i) in response to regulatory filings or other requirements for the information by a governmental authority with jurisdiction over the Company; (ii) for the purpose of complying with a subpoena, warrant or other order by a court, person or body having jurisdiction to compel production of the information; or (iii) as otherwise required by law. In addition, personal information of Participants may be disclosed or transferred to another party during the course of, or completion of, a change in ownership of, or the grant of a security interest in, all or a part of the Company or its Affiliates including through an asset or share sale, or some other form of business combination, merger or joint venture, provided that such party is bound by appropriate agreements or obligations.

### **Section 10.5 Governing Laws.**

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

### **Section 10.6 Severability.**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

### **Section 10.7 Effective Date of the Plan.**

The Plan was approved by the Board on November 18, 2020 and shall take effect on December 29, 2020, subject to the acceptance of the Plan by the shareholders of the Company, the TSX and any other applicable regulatory authorities.