



## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**TO BE HELD ON OCTOBER 18, 2023**

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**Meeting**”) of shareholders of Gunpoint Exploration Ltd. (the “**Company**”) will be held at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia on Wednesday, October 18, 2023 at 11:00 a.m. (Pacific Time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the financial year ended December 31, 2022, and the auditor’s report thereon;
2. to fix the number of directors of the Company at six;
3. to elect six directors for the ensuing year;
4. to appoint the Company’s auditor, Saturna Group Chartered Professional Accountants LLP, for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to re-approve the Company’s “rolling 10%” stock option plan, as more fully described in the accompanying management information circular (the “**Circular**”); and
6. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors of the Company has set September 13, 2023 as the record date for determining the shareholders entitled to receive notice of and vote at the Meeting. The details of all matters proposed to be put before shareholders at the Meeting are set forth in the Circular accompanying this Notice of Meeting. The proxy form and a reply card for use by shareholders who wish to receive the Company’s interim and annual financial statements is also provided.

Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Circular.

Non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account, you are not a registered shareholder.

Dated at Vancouver, British Columbia this 18<sup>th</sup> day of September, 2023.

BY ORDER OF THE BOARD

*“P. Randy Reifel”*

President

## **President's Letter**

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During 2023, higher interest rates have elevated bond yields and maintained a strong US dollar. For now, it seems the Federal Reserve's bid to temper inflation with monetary policy will continue into 2024. The surprising strength in the US economy has the generalist investors benefiting with the DOW, S&P and NASDAQ gaining 5%, 17% and 32%, respectively, since the beginning of the year. Notwithstanding the strength in the global markets, the gold price has managed to hold its ground and is up 7% thus far in 2023.

That said, economic uncertainty is brewing with China's economy showing signs of distress, emerging data of a sluggish US labour market, weaker corporate guidance and peaking bond yields. Many analysts believe the tide might be turning for gold with the global credit stress and the lagging negative effects from higher interest rates. Central bank demand is also a significant factor supporting gold. However, investors are awaiting the Federal Reserve's indication of a pivot to reverse their hawkish bias for gold to breakout over US\$2000 per ounce.

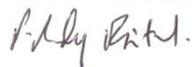
In January 2023, Newcrest Resources ("Newcrest") elected to commence the Option Phase to explore the Appaloosa property ("Appaloosa") situated inside the Talapoosa land package. Gunpoint received a US\$750,000 cash payment and Newcrest agreed to undertake a minimum US\$2 million work program within 18 months. During the year, Newcrest completed a systematic, surface exploration program on Appaloosa's seven-kilometer-long mineralized structural zone and also expanded the work on Talapoosa.

During the second quarter, Newcrest drilled six core holes totaling 1900 meters on the Central Target at Appaloosa. The initial drill results were very encouraging with four holes intercepting significant thickness of a shallow, mineralized zone that appears laterally continuous. The drilling and on-going field work show Appaloosa's broad, mineralized hydrothermal gold bearing system is largely preserved.

Over the past year, the gold mining equities continue to be remarkably weak relative to gold's improved performance. Junior gold companies are challenged to raise capital with limited investor interest in this sector. Gunpoint maintains a strong balance sheet with \$1.6 million in cash and nearly \$600,000 in equity holdings from joint ventures and the monetization of its Mexican properties. Management's prudent financial discipline has protected value during the prolonged bear market for junior gold equities.

As always, I would like to thank our shareholders, both large and small, for your continued trust and loyal support. As President and the largest individual shareholder, I will strive to deliver the best leveraged business strategy to build upside shareholder value.

**GUNPOINT EXPLORATION LTD.**



P. Randy Reifel

*President*

September 18, 2023



## ANNUAL GENERAL MEETING OF SHAREHOLDERS

### MANAGEMENT INFORMATION CIRCULAR

#### GENERAL INFORMATION

This Management Information Circular (the “**Circular**”) is furnished to the holders (the “**shareholders**”) of common shares (the “**Common Shares**”) of Gunpoint Exploration Ltd. (the “**Company**”) by management of the Company in connection with the solicitation of proxies to be voted at the Annual General Meeting (the “**Meeting**”) of the shareholders to be held at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, at 11:00 a.m. (Pacific Time) on Wednesday, October 18, 2023 and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting.

#### PROXIES

##### Solicitation of Proxies

The enclosed Proxy is solicited by and on behalf of management of the Company. The persons named in the enclosed Proxy form are management-designated proxyholders. A registered shareholder desiring to appoint some other person (who need not be a shareholder) to represent the shareholder at the Meeting may do so either by inserting such other person’s name in the blank space provided in the Proxy form or by completing another form of proxy. To be used at the Meeting, proxies must be received by Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, or any adjournment thereof, or received by the chairman of the Meeting before the commencement of the Meeting, or any adjournment thereof. Solicitation will be primarily by mail, but some proxies may be solicited personally or by telephone by regular employees or directors of the Company at a nominal cost. The cost of solicitation by management of the Company will be borne by the Company.

##### Non-Registered Holders

Only registered holders of Common Shares or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, Common Shares beneficially owned by a holder (a “**Non-Registered Holder**”) are registered either:

- (a) in the name of an Intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (CDS)) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “**NOBOs**”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “**OBOs**”.

Pursuant to National Instrument 54-101 (“**NI 54-101**”) of the Canadian Securities Administrators, the Company is distributing copies of proxy-related materials in connection with this Meeting (including this Circular) indirectly to Non-Registered Holders.

The Company is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting.

Intermediaries which receive the proxy-related materials are required to forward the proxy-related materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the proxy-related materials to Non-Registered Holders.

The Company will not be paying for Intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's Intermediary assumes the costs of delivery.

Generally, Non-Registered Holders who have not waived the right to receive proxy-related materials (including OBOs who have made the necessary arrangements with their Intermediary for the payment of delivery and receipt of such proxy-related materials) will be sent a voting instruction form which must be completed, signed and returned by the Non-Registered Holder in accordance with the Intermediary's directions on the voting instruction form. In some cases, such Non-Registered Holders will instead be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. This form of proxy does not need to be signed by the Non-Registered Holder, but, to be used at the Meeting, needs to be properly completed and deposited with Computershare Investor Services Inc. as described under "Solicitation of Proxies".

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares that they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form.

**Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies, including instructions regarding when and where the voting instruction form or Proxy form is to be delivered.**

#### **Revocability of Proxies**

A registered shareholder who has given a Proxy may revoke it by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the Meeting at which the proxy is to be used, or
- (b) provided at the Meeting to the chair of the Meeting,

or in any other manner provided by law.

Non-Registered Holders who wish to revoke a voting instruction form or a waiver of the right to receive proxy-related materials should contact their Intermediaries for instructions.

#### **Voting of Proxies**

Common Shares represented by a shareholder's Proxy form will be voted or withheld from voting in accordance with the shareholder's instructions on any ballot that may be called for at the Meeting and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of any instructions, the management-designated proxy agent named on the Proxy form will cast the shareholder's votes in favour of the passage of the resolutions set forth herein and in the Notice of Meeting.**

The enclosed Proxy form confers discretionary authority upon the persons named therein with respect to (a) amendments or variations to matters identified in the Notice of Meeting and (b) other matters which may properly come before the Meeting or any adjournment thereof. At the time of printing of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

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

Only Common Shares carry voting rights at the Meeting, with each Common Share carrying the right to one vote. The board of directors of the Company (the "**Board of Directors**" or the "**Board**") has fixed September 13, 2023 as the record date (the "**Record Date**") for the determination of shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment thereof, and only shareholders of record at the close of business on that date are entitled to such notice and to vote at the Meeting. As of the Record Date, 50,894,933 Common Shares were issued and outstanding as fully paid and non-assessable.

To the knowledge of the directors or executive officers of the Company, as at the Record Date, no person beneficially owned, or controlled or directed, directly or indirectly, shares carrying 10% or more of the voting rights attached to the Company's issued and outstanding Common Shares, except for the following:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Chesapeake Gold Corp.	34,237,899 <sup>(1)</sup>	67.3%
P. Randy Reifel	6,286,501 <sup>(2)</sup>	12.3%

- (1) Of these shares, 2,260,000 Common Shares are held directly by Chesapeake Gold Corp. (“**Chesapeake**”) and 31,977,899 Common Shares are held indirectly by Chesapeake through its wholly-owned subsidiary, American Gold Capital Corporation. Chesapeake is a company listed on the TSX Venture Exchange. P. Randy Reifel, is Executive Chairman and a director of Chesapeake.
- (2) See below under “Election of Directors” for how these Common Shares are held.

### VOTES NECESSARY TO PASS RESOLUTIONS AT THE MEETING

Under the Company's Articles, the quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued and outstanding Common Shares. A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the resolutions referred to in the accompanying Notice of Meeting.

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

None of the following persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than directors and executive officers of the Company having an interest in the resolution regarding the re-approval of the Company's stock option plan as such persons are eligible to participate in such plan:

- (a) any director or executive officer of the Company who has held such position at any time since January 1, 2022;
- (b) any proposed nominee for election as a director of the Company; or
- (c) any associate or affiliate of a person in (a) or (b).

### APPOINTMENT OF AUDITOR

The management-designated proxyholders named in the enclosed Proxy form intend to vote for the appointment of Saturna Group Chartered Professional Accountants LLP (“**Saturna LLP**”) as the auditor of the Company to hold office until the next annual general meeting of shareholders. Saturna LLP has been the auditor of the Company since January 23, 2018.

### ELECTION OF DIRECTORS

The Company currently has six directors. At the Meeting, shareholders will be asked to fix the number of directors at six and elect six directors. The persons named below are the six nominees of management for election as directors, all of whom are current directors of the Company. Each director elected will hold office until the next annual general meeting or until the director's successor is elected or appointed unless the director's office is earlier vacated under any of the relevant provisions of the Articles of the Company or the *Business Corporations Act* (British Columbia). It is the intention of the persons named as proxyholders in the enclosed Proxy to vote for the election to the Board of Directors of those persons hereinafter designated as nominees for election as directors. The Board of Directors does not contemplate that any of such nominees will be unable to serve as a director; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in such shareholder's Proxy that such shareholder's Common Shares are to be withheld from voting in the election of directors.**

#### Advance Notice Policy

The Company's advance notice policy (the “**Advance Notice Policy**”), among other things, fix deadlines for submitting director nominations to the Company prior to any annual or special meeting of shareholders where directors are to be elected, and sets forth the information that a shareholder must include in their nomination in order for it to be valid. In the case of an annual shareholders' meeting, the deadlines for notice of a shareholder's director nominations are not less than 30 days prior to the meeting; provided, however, if the first public notice of an annual shareholders' meeting is given less than 50 days prior to the meeting date, shareholders must provide notice of their nominations by close of business on the 10th day following the announcement of the meeting. In the case of a special meeting (which is not also an annual meeting) called for any purpose which includes electing directors, shareholders must provide notice

of their nominations by close of business on the 15th day following first public announcement of the special shareholders' meeting, provided, however, if notice-and-access is used for delivery of proxy-related materials in respect of the meeting, and the first public notice of the meeting is given not less than 50 days before the date of the meeting, shareholders must provide notice of their nominations by close of business on the 30th day following the announcement of the meeting. As of the date of this Circular, the Company has not received notice of a nomination in compliance with the Advance Notice Policy. In accordance with the Advance Notice Policy, the deadline for providing a valid notice of a director nomination in respect of the Meeting is 5:00 p.m. (Pacific Time) on September 18, 2023, being the 30<sup>th</sup> day prior to the date of the Meeting.

The following table sets out the name of each of the persons proposed to be nominated for election as a director; all positions and offices which they presently hold with the Company, their respective principal occupation, and the number of Common Shares each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the Record Date:

<b>Name, place of residence and positions with the Company</b>	<b>Present principal occupation, business or employment</b>	<b>Period served as a director</b>	<b>Common Shares beneficially owned or controlled</b>
P. RANDY REIFEL <sup>(1)</sup> British Columbia, Canada <i>Chairman, President and CEO</i>	Executive Chairman, Chesapeake Gold Corp.; Chairman, President and CEO of the Company	Since November 8, 2010	6,286,501 <sup>(3)</sup>
RANDY BUFFINGTON Nevada, United States <i>Director</i>	President and Chief Executive Officer of Nevada Copper Corp. since October 2021	Since October 26, 2022	Nil
JOHN MACKAY <sup>(1)(2)</sup> Alberta, Canada <i>Director</i>	President, The Canada West Land & Petroleum Company, Limited since July 2009; Executive Chairman, Mosaic Capital Corp from May 2011 until August 2021	Since October 26, 2021	500,000 <sup>(4)</sup>
JOHN PERSTON <sup>(2)</sup> Castletown, Isle of Man <i>Director</i>	President, JWP Consulting (geological consulting firm) since 1985	Since October 26, 2021	60,000
CHARLIE RONKOS <sup>(1)</sup> Nevada, United States <i>Director</i>	Director and COO of TCP1 Corp. from 2018 to present, Executive VP Project Development Americas of Premier Gold Mines Ltd. from 2016 to 2018	Since October 26, 2021	400,000 <sup>(5)</sup>
ANNA TUDELA <sup>(2)</sup> British Columbia, Canada <i>Director</i>	Independent Consultant and Corporate Director; Independent Consultant since January 2020; VP, Diversity, Regulatory Affairs and Corporate Secretary of Goldcorp Inc. from 2005 to 2019	Since October 26, 2021	30,000

(1) Member of the Audit Committee. John Mackay is Chair of the Audit Committee.

(2) Member of the Governance and Compensation Committee. Anna Tudela is Chair of the Governance and Compensation Committee.

(3) 3,451,168 Common Shares are held directly; indirectly 66,500 Common Shares are held by Grim Estates Ltd. and 2,058,333 Common Shares are held by Brant Investments Ltd., both private companies controlled by Randy Reifel; and 710,500 Common Shares are held in Mr. Reifel's RRSP.

(4) Held by The Canada West Land & Petroleum Company, Limited, a company of which John Mackay is a director and which is controlled by a trust of which Mr. Mackay is a trustee and in the class of beneficiaries.

(5) Held by CLMLC LLC, a company of which Charlie Ronkos is the Manager.

None of the proposed directors is, as at the date of this Circular, or has been, within the ten years preceding the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that

- (a) was subject to a cease trade or similar order or an order 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**”), when such Order was issued while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company; or
- (b) was subject to an Order that was issued after such person ceased to be a director, chief executive officer or chief financial officer of the relevant company, and which resulted from an event that occurred while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company.

Other than as disclosed herein, no proposed director is, as at the date of this Circular, or has been, within the ten years preceding the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Randy Buffington was the Chief Executive Officer of Allied Nevada Gold Corp. (“**Allied Nevada**”) when Allied Nevada, on March 10, 2015, filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Court for the District of Delaware. On October 22, 2015, Allied Nevada completed its financial restructuring and emerged from Chapter 11 proceedings under the name Hycroft Mining Corporation.

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

No proposed director has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **CORPORATE GOVERNANCE DISCLOSURE**

The following description of the corporate governance practices of the Company is provided further to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and the disclosure prescribed for “Venture Issuers” such as the Company.

### **Board of Directors**

The Board currently consists of six directors, all of which will be standing for re-election. NI 58-101 distinguishes independent and non-independent directors. Three of the six current members of the Board are considered independent directors. The independent directors are John Mackay, Charlie Ronkos and Anna Tudela. P. Randy Reifel is not considered to be an independent director because he is an executive officer of the Company. John Perston and Randy Buffington are not considered to be independent directors because they are the representatives of Chesapeake, the Company’s major shareholder.

The Board considers that management has been effectively supervised by the independent directors on an informal basis, as the independent directors have been actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The Board believes that the knowledge, experience and qualifications of its independent directors are sufficient to ensure that the Board can function independently of management and discharge its responsibilities.

### **Directorships**

The following table sets out the directorships in other reporting issuers held by the directors of the Company. If directors are not set out below, they are not currently directors of other reporting issuers (or the equivalent).

<b>Director</b>	<b>Reporting Issuer</b>
Randy Buffington	Nevada Copper Corp. Chesapeake Gold Corp.

<b>Director</b>	<b>Reporting Issuer</b>
John Perston	Chesapeake Gold Corp.
P. Randy Reifel	Chesapeake Gold Corp.
Anna Tudela	GoldMining Inc. Regulus Resources Inc.

### **Orientation and Continuing Education**

The Board has adopted a Corporate Governance Policy, which provides for organizing, reviewing and recommending education policies relating to the directors and management of the Company.

The Company does not have a formal process of orientation for new Board members. However, the Company does orient and educate new Board members by providing background information, conducting personal meetings and responding to questions, during the early stages of a new Board member's involvement with the Company. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars.

The Company does not have a formal process of continuing education for directors. Generally, the Company expects that existing and new Board members will have a familiarity with the business of mineral exploration and development. Professional advisors may be invited to attend Board meetings, as needed. The Company also relies on the relatively straightforward nature of its business, and the established qualifications and expertise of its Board members.

### **Ethical Business Conduct**

The Board's Corporate Governance Policy includes a Corporate Disclosure Policy, Whistle Blower Policy, Code of Business Conduct and Ethics and Insider Trading Policy which applies to all directors, officers, employees and consultants, and prescribes a high standard of ethical conduct in all dealings related to the affairs of the Company.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the British Columbia *Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgement in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings directors which evoke any such conflict.

### **Nomination of Directors**

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the required time and show support for the Company's mission and strategic objectives.

### **Compensation**

The Company has a Governance and Compensation Committee which reviews officers' and directors' compensation matters. See "Director and Named Executive Officer Compensation". The Compensation is based on the compensation paid for directors and senior officers of companies of a similar size and stage of development. The appropriate compensation reflects the need to provide incentive and compensation for the time and effort expended by the directors and its management while taking into account the financial and other resources of the Company.

### **Other Board Committees**

The Board currently has no standing committees besides the Audit Committee and the Governance and Compensation Committee.

### **Assessments**

The Board regularly monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees. Also, the Board monitors its performance on an ongoing basis, and as part of the process considers the overall performance of the Company and input from its shareholders.

## AUDIT COMMITTEE DISCLOSURE

Pursuant to the *Business Corporations Act* (British Columbia) and National Instrument 52-110 – *Audit Committees* (“NI 52-110”), the Company is required to have an audit committee.

### Audit Committee Charter

Pursuant to NI 52-110, the Company’s Audit Committee is required to have a charter. A copy of the Company’s Audit Committee Charter is set out in Appendix A to this Circular.

The Audit Committee assists the Board of Directors in fulfilling its responsibilities relating to the Company’s corporate accounting and reporting practices. The Audit Committee is responsible for ensuring that management has established appropriate processes for monitoring the Company’s systems and procedures for financial reporting and controls, reviewing all financial information in disclosure documents, monitoring the performance and fees and expenses of the Company’s external auditors, and recommending external auditors for appointment by shareholders.

### Composition of the Audit Committee

As at the date of this Circular, the members of the Company’s Audit Committee and their independence and financial literacy is set out below:

<u>Name</u>	<u>Independent</u>	<u>Financially Literate</u>
John Mackay	Yes	Yes
P. Randy Reifel	No	Yes
Charlie Ronkos	Yes	Yes

### Relevant Education and Experience

All of the members of the Audit Committee are graduates of post-secondary education, with, P. Randy Reifel, holding a Masters of Business Administration degree. John Mackay holding a Bachelor of Laws and Charlie Ronkos holding a Masters of Science in Geology. Each member of the Audit Committee has assisted several resource industry companies with strategic focus and corporate finance and has many years of experience in the management and administration of publicly owned mining exploration companies. This experience in the mining industry has provided each member of the Audit Committee with an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles and analyze or evaluate financial statements, and an understanding of internal controls and procedures for financial reporting.

### Audit Committee Oversight

At no time since January 1, 2022 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

At no time since January 1, 2022 has the Company relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), subsection 6.1.1(4) of NI 52-110 (*Circumstances Affecting the Business or Operations of the Venture Issuer*), subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*), subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*) of NI 52-110 by a securities regulatory authority or regulator.

### Pre-approval Policies and Procedures for Non-Audit Services

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

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Company’s external auditor in each of the last two financial years of the Company for services in each of the categories indicated are as follows:

Financial Year Ended	Audit Fees	Audit Related Fees <sup>(1)</sup>	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>
December 31, 2022	\$24,000	Nil	Nil	Nil
December 31, 2021	\$20,000	Nil	Nil	Nil

- (1) Pertains to assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not reported under "Audit Fees".
- (2) Pertains to professional services for tax compliance, tax advice and tax planning.
- (3) Pertains to products and services other than services reported under the other categories.

### Venture Issuers Exemption

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

### DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The following description of the executive compensation of the Company is provided further to Form 51-102F6V "*Statement of Executive Compensation – Venture Issuers*".

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

##### *Named Executive Officers*

Set out below are particulars of compensation paid to the following persons (the "Named Executive Officers" or "NEOs"):

- each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer ("CEO");
- each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer ("CFO");
- in respect of the Company and its subsidiaries, the most highly compensated executive officer (other than the CEO and CFO) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with applicable securities rules, for that financial year; and
- each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and not acting in a similar capacity, at the end of that financial year.

For the year ended December 31, 2022, the Company had two Named Executive Officers, namely P. Randy Reifel (CEO) and Cindy Jeong (CFO).

#### *Table of Compensation Excluding Compensation Securities*

The following table sets out compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or a subsidiary of the Company, to each NEO and director, in any capacity, for each of the Company's financial years ended December 31, 2022 and 2021.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$) <sup>(3)</sup>	Value of all other compensation (\$)	Total compensation (\$)
P. RANDY REIFEL President, CEO and Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
CINDY IEONG <sup>(1)</sup> CFO	2022	67,380 <sup>(2)</sup>	Nil	Nil	Nil	Nil	67,380
	2021	16,200 <sup>(2)</sup>	Nil	Nil	Nil	Nil	16,200

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$) <sup>(3)</sup>	Value of all other compensation (\$)	Total compensation (\$)
RANDY BUFFINGTON Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	N/A	N/A	N/A	N/A	N/A	N/A
JOHN MACKAY Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
JOHN PERSTON Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
CHARLIE RONKOS Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
ANNA TUDELA Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Ms. Jeong was appointed CFO of the Company on September 1, 2021 and resigned as CFO of the Company on March 29, 2023.  
(2) Amount pertains to compensation paid by the Company to Viktoriya Griffin CFO Corporation, a company providing CFO services.  
(3) Perquisites that are not generally available to all employees did not exceed \$15,000 per NEO or director.

### External Management Companies

Except as disclosed herein, none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

### Stock Options and Other Compensation Securities

Particulars of compensation securities granted or issued to each NEO and director of the Company or one of its subsidiaries in the financial year ended December 31, 2022 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries is set out in the table below.

Compensation securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
RANDY BUFFINGTON Director	Stock Options	200,000 <sup>(2)</sup>	November 10, 2022	0.60	0.52	0.50	November 10, 2027

- (1) The numbers under this column represent the number of options and the same number of Common Shares underlying the related options.  
(2) These options vest as to 25% on each of November 10, 2023, November 10, 2024, November 10, 2025 and November 10, 2026.

The following table discloses the total amount of compensation securities held by each NEO and director of the Company as at the Company's financial year ended December 31, 2022.

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
P. RANDY REIFEL President, CEO and Director	Stock Options	500,000 <sup>(2)</sup>	November 23, 2021	0.60	0.55	0.50	November 23, 2026
CINDY IEONG CFO	Stock Options	75,000 <sup>(2)</sup>	November 23, 2021	0.60	0.55	0.50	November 23, 2026
RANDY BUFFINGTON Director	Stock Options	200,000 <sup>(3)</sup>	November 10, 2022	0.60	0.52	0.50	November 10, 2027
JOHN MACKAY Director	Stock Options	200,000 <sup>(2)</sup>	November 23, 2021	0.60	0.55	0.50	November 23, 2026
JOHN PERSTON Director	Stock Options	200,000 <sup>(2)</sup>	November 23, 2021	0.60	0.55	0.50	November 23, 2026
CHARLIE ROKOS Director	Stock Options	200,000 <sup>(2)</sup>	November 23, 2021	0.60	0.55	0.50	November 23, 2026
ANNA TUDELA Director	Stock Options	240,000 <sup>(2)</sup>	November 23, 2021	0.60	0.55	0.50	November 23, 2026

(1) The numbers under this column represent the number of options and the same number of Common Shares underlying the related options.

(2) These options vest as to 25% on each of November 23, 2022, November 23, 2023, November 23, 2024 and November 23, 2025.

(3) These options vest as to 25% on each of November 10, 2023, November 10, 2024, November 10, 2025 and November 10, 2026.

Except for the vesting schedules noted in the above table, there are no restrictions or conditions for converting, exercising or exchanging the compensation securities.

The following table discloses exercises by each NEO and director of the Company of compensation securities during the Company's financial year ended December 31, 2022.

Exercise of compensation securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
P. RANDY REIFEL President, CEO and Director	Stock Options	900,000	0.25	October 4, 2022	0.45	0.20	180,000

### Stock Option Plans and Other Incentive Plans

The Company has a "rolling 10%" Stock Option Plan (the "Option Plan") which was last re-approved by the shareholders of the Company at the 2022 annual meeting of the Company's shareholders. The purpose of the Option Plan is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company to acquire Common Shares, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of their affairs.

The Option Plan must be re-approved on an annual basis by the shareholders at each annual general meeting of the Company as required by the policies of the TSX Venture Exchange ("TSX-V").

The Board, based on recommendations of the Governance and Compensation Committee where appropriate, determines which NEOs (and other persons) are entitled to participate in the Option Plan; determines the number of options granted to such individuals; and determines the date on which each option is granted and vests, and the corresponding exercise price.

Previous grants of option-based awards are taken into account when considering new grants.

The Option Plan includes the following provisions:

- The Option Plan is administered by an “Administrator” which means the Board or such committee of the Board that the Board has designated to administer the Option Plan;
- Options may be granted to employees, directors, executive officers and consultants of the Company;
- Any options previously granted by the Company (the “**Outstanding Options**”) which were outstanding as at September 28, 2022 were deemed to have been issued under and will be governed by the Option Plan, and in the event of any inconsistency between the terms of the agreements governing the Outstanding Options and the terms of the Option Plan, the terms of such agreements shall govern;
- The maximum number of Common Shares issuable pursuant to options granted under the Option Plan (and pursuant to any other Security Based Compensation Plans, as defined in TSXV- policies) is 10% of the issued and outstanding Common Shares from time to time. The Option Plan is currently the only Security Based Compensation Plan of the Company in effect;
- The Administrator determines the number of options to be granted to a participant under the Option Plan, subject to the following limits:
  - The maximum aggregate number of Common Shares which may be issuable pursuant to all options granted within any 12 month period to any one optionee is 5% of the then issued and outstanding Common Shares (on a non-diluted basis), unless the Company has obtained disinterested shareholder approval;
  - The maximum aggregate number of Common Shares which may be issuable pursuant to all options granted within any 12 month period to any one consultant is 2% of the then issued and outstanding Common Shares (on a non-diluted basis);
  - The maximum aggregate number of Common Shares which may be issuable pursuant to all options granted within any 12 month period to optionees who are employed to provide investor relations activities is 2% of the then issued and outstanding Common Shares (on a non-diluted basis);
  - The maximum aggregate number of Common Shares which may be issuable pursuant to all options granted at any point in time to insiders (as a group) is 10% of the then issued and outstanding Common Shares, unless the Company has obtained disinterested shareholder approval; and
  - The maximum aggregate number of Common Shares which may be issuable pursuant to all options granted within any 12 month period to insiders (as a group) is 10% of the then issued and outstanding Common Shares, unless the Company has obtained disinterested shareholder approval;
- The exercise price for options granted under the Option Plan will not be less than the market price of the Common Shares less applicable discounts permitted by the TSX-V;
- Options may be exercisable for a term of up to 10 years, subject to earlier termination in the event of death or the optionee’s cessation of services to the Company or to extension if the expiry date is within a trading blackout period imposed by the Company to that date which is 10 business days after the trading blackout;
- Options granted under the Option Plan are non-assignable and non-transferable, except by will or the laws of descent and distribution;
- If an optionee ceases to be a director, officer, employee or consultant, as the case may be, of the Company for any reason (other than death or disability), the optionee may, but only within 30 days next succeeding ceasing to be a director, officer, employee or consultant, exercise options held to the extent that the optionee was entitled to exercise the options at the date of such cessation. The Administrator may, in its sole discretion, extend the mentioned 30-day period in respect of any option for a specified period up to one year;
- In the event of the death or disability of an optionee, options previously granted to the optionee will be exercisable only within

the 12 months next succeeding such death or cessation of service due to such disability, respectively;

- For so long as the Common Shares are listed on the TSX-V, any Common Shares issued pursuant to the exercise of options that (a) were granted to an optionee who was a director, officer or significant shareholder of the Company; or (b) had an exercise price per share that was less than the last closing price of the Common Shares on the TSX-V before such date of grant, would be subject to a four-month hold period commencing on the date of grant of the option. “Significant shareholder” means a person holding securities of the Company that carry more than 10% of the voting rights attached to the Company’s securities both immediately before and after the transaction in which securities are issued, and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of the Company;
- The Administrator may, subject to any necessary stock exchange or regulatory approvals, from time to time, without notice or approval of the optionees or of the shareholders of the Company, amend, modify, change, suspend or terminate the Option Plan or any options granted pursuant to the Option Plan as it, in its discretion, determines appropriate, provided, however that no such amendment, modification, change, suspension or termination may adversely affect any outstanding options granted under the Option Plan without the consent of the optionee. Disinterested shareholder approval is required for any reduction in the exercise price or the extension of the term of an option if the optionee is an insider of the Company at the time of the proposed amendment; and
- The vesting schedule for each option shall be determined by the Administrator at the time the option is granted and shall be specified in the option agreement in respect of the option, with the exception that options granted to investor relations service providers must vest in stages over at least 12 months with no more than 25% of the options vesting in any three month period. There can be no acceleration of the vesting requirement applicable to options granted to an investor relations service provider. If no vesting provisions are specified by the Administrator, options granted under the Option Plan shall vest as to 25% on each of the first, second, third and fourth anniversaries of the grant date.

#### **Employment, Consulting and Management Agreements**

Pursuant to a service agreement dated September 1, 2021 between the Company and Viktoriya Griffin CFO Corporation (“**VG CFO**”), a company controlled by Cindy Jeong, the Company engaged VG CFO for Ms. Jeong’s services as CFO of the Company and for accounting, administration, management, tax compliance, and internal control consulting services. Further to this agreement, during the year ended December 31, 2022, the Company paid VG CFO \$67,380.

There are no provisions in any contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control in the Company or a change in the NEO’s responsibilities.

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

In 2022, the Board of Directors determined compensation to be paid by the Company to its directors and executive officers. The Board of Directors reviews annually and approves the total compensation (including direct salary and any annual bonus as well as long term stock-related incentive plans) payable to each executive officer of the Company and payable to directors in their capacity as directors of the Company. In accordance with TSX-V policies, any compensation paid to a director or executive officer of the Company must be approved by the independent members of the Board of Directors.

In 2022, the directors received no cash compensation for acting in their capacity as directors of the Company and, other than the grant of stock options, there were no arrangements under which directors were compensated by the Company for their services in their capacity as directors.

The Board of Directors is responsible for reviewing and considering corporate goals and objectives relevant to compensation for all executive officers, evaluating the performance of each executive officer in light of those corporate goals and objectives, and determining the level of compensation for the executive officers based on this evaluation. In 2022, the only NEO who received direct or indirect compensation from the Company was Cindy Jeong (CFO) who was compensated through VG CFO, a company controlled by Ms. Jeong.

The Board of Directors administers the Option Plan and makes decisions regarding option grants, including option terms and amendments, under the Option Plan after taking into account previous stock option grants. In 2022, the Board granted 200,000 stock options to Randy Buffington, a director.

There is no policy or target regarding cash and non-cash elements of the Company’s compensation program. The directors are of the

view that all elements should be considered rather than any single element. The Company does not currently provide the executive officers with personal benefits or any other compensation.

The Company does not presently anticipate making any significant changes to its compensation policies and practices in respect of its financial year ending December 31, 2023.

#### Pension Disclosure

The Company does not provide a pension to any director or NEO.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information on the Company’s equity compensation plans under which Common Shares are authorized for issuance as at December 31, 2022.

#### EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders (Stock Option Plan)	1,965,000	\$0.57	3,119,493 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	1,965,000	\$0.57	3,119,493

(1) Based on the total number of Common Shares authorized for issuance pursuant to options granted under the Option Plan, being 10% of the issued and outstanding Common Shares from time to time (being 50,844,933 Common Shares as at December 31, 2022).

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, no director or executive officer of the Company, no proposed nominee for election as a director of the Company, no associate of any such director, executive officer or proposed nominee (including companies controlled by them), no employee of the Company or any of its subsidiaries, and no former executive officer, director or employee of the Company or any of its subsidiaries, is indebted to the Company or any of its subsidiaries (other than for “routine indebtedness” as defined under applicable securities legislation) or is indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No proposed director of the Company, and no associate or affiliate of any informed person or proposed director has had any material interest, direct or indirect, in any transaction since January 1, 2022 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

### MANAGEMENT CONTRACTS

No management functions of the Company are to any substantial degree performed by a person other than the directors or executive officers of the Company.

### PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

#### Annual Re-Approval of “10% Rolling” Stock Option Plan

The Option Plan (a “rolling 10%” Stock Option Plan) was last approved by the shareholders of the Company on October 26, 2022. The Option Plan must be re-approved on an annual basis by the shareholders at each annual general meeting of the Company as required by

the policies of the TSX-V.

For a summary of the material features of the Option Plan, see “Director and Named Executive Officer Compensation — Stock Option Plans and Other Incentive Plans”. A copy of the Option Plan may be obtained by sending a written request to the President of the Company at the Company’s head office located at #201 – 1512 Yew Street, Vancouver, British Columbia V6K 3E4 or by email at [gunpoint@shaw.ca](mailto:gunpoint@shaw.ca).

The text of the proposed resolution to re-approve the Option Plan (the “**Stock Option Plan Resolution**”) is as follows:

“BE IT RESOLVED THAT the Company’s Stock Option Plan be and is hereby re-approved and that the Board of Directors of the Company be authorized to make any changes thereto as may be required by the TSX Venture Exchange.”

A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the Stock Option Plan Resolution. If the above resolution in respect of the Option Plan is not approved by the shareholders, the Company will not grant or issue further options under the Option Plan until the requisite shareholder approval has been obtained.

**The Board of Directors recommends a vote “FOR” the approval of the Stock Option Plan Resolution. In the absence of instructions to the contrary, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the approval of the Stock Option Plan Resolution.**

#### **OTHER MATTERS**

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

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Financial information relating to the Company is provided in the Company’s comparative consolidated financial statements and management’s discussion and analysis for its financial year ended December 31, 2022, which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and may also be obtained by sending a written request to the President of the Company at the Company’s head office located at #201 – 1512 Yew Street, Vancouver, British Columbia V6K 3E4.

DATED as of the 18<sup>th</sup> day of September, 2023.

BY ORDER OF THE BOARD

*“P. Randy Reifel”*  
President

## APPENDIX A

### GUNPOINT EXPLORATION LTD. (the "Company")

#### AUDIT COMMITTEE CHARTER

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight to the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published: (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company, and (ii) the auditors' report, if any, prepared in relation to those financial statements;
- (b) review the Company's annual and interim earnings press releases before the Company publicly discloses this information;
- (c) 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 and periodically assess the adequacy of those procedures;
- (d) recommend to the board of directors: (i) 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 (ii) the compensation of the external auditor;
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established;
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company;
- (h) establish procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor;
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company; and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial officer and the Chief Financial Officer to comply with National Instrument 52-109.

#### Composition of the Committee

The committee will be composed of 3 directors from the Company's board of directors, a majority of whom will be independent. Independence of the Board members will be as defined by applicable legislation and as a minimum each committee member will have will have no direct or indirect relationship with the Company which, in the view of the board of directors, could reasonably interfere with the exercise of a member's independent judgment.

All members of the committee will be financially literate as defined by applicable legislation. If upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

## **Authority**

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

## **Reporting**

The reporting obligations of the committee will include: (i) reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors meeting, and (ii) reviewing; and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.

## **Independence**

National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) provides that a member of an Audit Committee is independent if the member has no direct or indirect material relationship with the issuer, which could, in the view of the Issuer's Board of Directors, reasonably interfere with the exercise of the member's independent judgment. Two of the three members of the audit committee of the Company are “independent” as that term is defined.

## **Financial Literacy**

NI 52-110 provides that 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 Issuers Financial Statements.

All of the Directors of the Company and members of the Audit Committee are Financially Literate, as that term is defined.

## **Exemption**

The Company is a Venture Issuer as defined in NI 52-110 and is relying upon the exemption in Section 6.1 of NI 52-110 relating to Part 3 (Composition of Audit Committee) and 5 (Reporting Obligations).