

**NAVY RESOURCES CORP.**  
3876 Georgia Street  
Burnaby, British Columbia V5C 2S8

## **INFORMATION CIRCULAR**

October 22, 2020

### **INTRODUCTION**

This Information Circular accompanies the Notice of Annual General Meeting (the “**Notice**”) and is furnished to shareholders holding common shares in the capital of Navy Resources Corp. (the “**Company**”) in connection with the solicitation by the management of the Company of proxies to be voted at the annual general meeting (the “**Meeting**”) of the shareholders to be held at 10:30 a.m. (Vancouver time) on Monday, November 30, 2020 at Suite 900 – 885 West Georgia Street, Vancouver, British Columbia or at any adjournment or postponement thereof.

#### **Date and Currency**

The date of this Information Circular is October 22, 2020. Unless otherwise stated, all amounts herein are in Canadian dollars.

### **PROXIES AND VOTING RIGHTS**

#### **Management Solicitation**

The solicitation of proxies by management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, officers and employees of the Company. The Company does not reimburse shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specially engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

### **Appointment of Proxy**

Registered shareholders as of October 16, 2020, the record date, are entitled to vote at the Meeting. A shareholder is entitled to one vote for each common share that such shareholder holds on the record date on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders (the “**Designated Persons**”) in the enclosed form of proxy are directors and/or officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE MEETING, OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED FORM OF PROXY.**

**THE SHAREHOLDER MAY EXERCISE THIS RIGHT BY STRIKING OUT THE PRINTED NAMES AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE’S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER’S SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

In order to be voted, the completed form of proxy must be received by the Company’s registrar and transfer agent, Computershare Investor Services Inc. at their offices located at 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, by mail or fax, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof. Alternatively, the completed form of proxy may be delivered to the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof.

A proxy may not be valid unless it is dated and signed by the shareholder who is giving it or by that shareholder’s attorney-in-fact duly authorized by that shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual shareholder or joint shareholders, or by an officer or attorney-in-fact for a corporate shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, must accompany the form of proxy.

### **Revocation of Proxies**

A shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that shareholder or by that shareholder’s attorney-in-fact authorized in writing or, where the shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by the shareholder who has given the proxy, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

### **Voting of Common Shares and Proxies and Exercise of Discretion by Designated Persons**

A shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the common shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. If the shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the common shares represented will be voted or withheld from the vote on that matter accordingly. **The common shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the common shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY AND FOR THE NOMINEES OF THE COMPANY'S BOARD OF DIRECTORS AND AUDITOR.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the common shares on any matter, the common shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

### **BENEFICIAL SHAREHOLDERS**

**The information set out in this section is of significant importance to those shareholders who do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of common shares can be recognized and acted upon at the Meeting.** If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in the shareholder's name on the records of the Company. Such common shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such common shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian

brokerage firms). **Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person well in advance of the Meeting.**

The Company does not have access to names of Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge typically prepares a special voting instruction form, mails this form to the Beneficial Shareholders and asks for appropriate instructions regarding the voting of common shares to be voted at the Meeting. Beneficial Shareholders are requested to complete and return the voting instructions to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free number and access Broadridge's dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and to vote the common shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that form as a proxy to vote common shares directly at the Meeting – the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have its common shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of their broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Alternatively, a Beneficial Shareholder may request in writing that his or her broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his or her common shares.

All references to shareholders in this Information Circular are to registered shareholders, unless specifically stated otherwise.

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

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As of the record date, determined by the Company's board of directors (the "**Board**") to be the close of business on October 16, 2020, a total of 36,130,880 common shares were issued and outstanding. Each common share outstanding as at the

record date carries the right to one vote at the Meeting. As of the record date, there were no preferred shares issued and outstanding.

Only registered shareholders as of the record date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns or exercises control or direction over, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company.

#### **RECEIPT OF FINANCIAL STATEMENTS**

The directors will place before the Meeting the audited annual financial statements for the year ended December 31, 2019 and notes thereto together with the auditors' report thereon.

#### **NUMBER OF DIRECTORS**

At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at four. The number of directors will be approved if the affirmative vote of the majority of common shares present or represented by proxy at the Meeting and entitled to vote are voted in favour to set the number of directors at four.

**Management recommends the approval of the resolution to set the number of directors of the Company at four.**

#### **ELECTION OF DIRECTORS**

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting, or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal. The Company's current Board consists of Paul Sun, Martin Bajic, Hani Zabaneh and Samuel Vella.

Management of the Company proposes to nominate the persons named in the table below for election by the shareholders as directors of the Company. Information concerning such persons, as furnished by the individual nominees, is as follows:

| Name,<br>Province,<br>Country of Residence and<br>Position(s)<br>with the Company   | Principal Occupation,<br>Business or Employment<br>for Last Five Years   | Periods during<br>which<br>Nominee has<br>Served<br>as a Director | Number of Voting<br>Securities of the<br>Company<br>Beneficially<br>Owned or<br>Controlled or<br>Directed, Directly<br>or Indirectly <sup>(1)</sup> |
|---|--|---|---|
| Paul Sun<br>Ontario, Canada<br><br><i>President, Chief Executive<br/>Officer and Director</i>                             | Managing Director, Institutional Equity Sales at Beacon Securities until December 2014. CFO of Draganfly Innovations Inc. to Present.  | September 17,<br>2018   | 775,000   |
| Martin Bajic <sup>(2)</sup><br>British Columbia, Canada<br><br><i>Chief Financial Officer,<br/>Secretary and Director</i> | Principal, 1950 Consulting Ltd., providing consulting services.  | August 19, 2011   | 262,000<br>Common Shares  |
| Hani Zabaneh <sup>(2)</sup><br>British Columbia, Canada<br><br><i>Director</i>  | Currently consults with companies providing assistance with funding, mergers and acquisitions, and transitioning to public markets. CEO and director of Sierra Madre Developments Inc., from Aug 2020 to present. CFO and director of Sigma Lithium Resources Corporation (formerly, Margaux Red Capital Inc.), from December 2011 to April 2018; CFO and Director of Myconic Capital Corp. (formerly Auralite Investments Inc.) from September 2017 to December 2018; President and director of Kintavar Exploration (formerly Black Springs Capital Corp), from Feb 2015 to March 2017; VP Corporate Development at Eventbase Technology Inc. from January 2015 to October 2016. | June 10, 2015   | 40,000<br>Common Shares   |
| Samuel Vella <sup>(2)</sup><br>British Columbia, Canada<br><br><i>Director</i>  | Director and Chief Executive Officer of Santa Rosa Resources Corp., a shell based company listed on NEX (July 29, 2016 to present).  | November 15,<br>2017  | 90,000<br>Common Shares   |

<sup>1</sup> Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at October 16, 2020, based upon information furnished to the Company by the individual directors.

<sup>2</sup> Member of the Audit Committee.

The term of office of those nominees set out above, who are presently directors, will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next annual general meeting or at such time when their successors are duly elected or appointed in accordance with the Company's Articles, or with the provisions of applicable corporate legislation or until such director's earlier death, resignation or removal.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the common shares represented by proxy for the election of any other persons as directors.

#### *Orders*

No proposed director of the Company is, or within the ten years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) 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 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 (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) 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 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.

#### *Bankruptcies*

No proposed director of the Company is, or has been within the ten years before the date of this Information Circular, a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

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

#### *Penalties or Sanctions*

No proposed director of the Company 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.

## STATEMENT OF EXECUTIVE COMPENSATION

### General

For the purpose of this Statement of Executive Compensation:

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

**“NEO”** or **“named executive officer”** means:

- (a) each individual who served as chief executive officer (“CEO”) of the Company, or who performed functions similar to a CEO, during any part of the most recently completed financial year,
- (b) each individual who served as chief financial officer (“CFO”) of the Company, or who performed functions similar to a CFO, during any part of the most recently completed financial year,
- (c) the most highly compensated executive officer of the Company or any of its subsidiaries (if any) other than individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year, and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

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

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

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

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company or any subsidiary thereof to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof:

| Name and Position   | Year | Salary, Consulting Fee, Retainer or Commission (\$) | Bonus (\$) | Committee or Meeting Fees (\$) | Value of Perquisites (\$) | Value of all other Compensation (\$) | Total Compensation (\$) |
|---|------|---|------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Paul Sun <sup>(1)</sup><br>President, CEO and Director                            | 2019 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|   | 2018 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Robert Meister <sup>(2)</sup><br>Former President, Former CEO and Former Director | 2019 | N/A   | N/A        | N/A                            | N/A                       | N/A                                  | N/A                     |
|   | 2018 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Martin Bajic <sup>(3)</sup><br>CFO, Secretary and Director                        | 2019 | \$15,000 <sup>(6)</sup>                             | Nil        | Nil                            | Nil                       | Nil                                  | \$15,000                |
|   | 2018 | \$7,000 <sup>(7)</sup>                              | Nil        | Nil                            | Nil                       | Nil                                  | \$7,000                 |
| Hani Zabaneh <sup>(4)</sup><br>Director   | 2019 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|   | 2018 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Samuel Vella <sup>(5)</sup><br>Director   | 2019 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|   | 2018 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |

<sup>(1)</sup> Paul Sun was appointed as CEO, President and a director on September 17, 2018.

<sup>(2)</sup> Robert Meister was appointed as President and CEO on August 19, 2011. Mr. Meister was appointed as Secretary and a director on May 5, 2011. Mr. Meister resigned as President, CEO, Secretary and a director on September 17, 2018.

<sup>(3)</sup> Martin Bajic was appointed as CFO and a director on August 19, 2011. Mr. Bajic was appointed as Secretary on September 17, 2018.

<sup>(4)</sup> Hani Zabaneh was appointed as a director on June 10, 2015.

<sup>(5)</sup> Samuel Vella was appointed as a director on November 15, 2017.

<sup>(6)</sup> These consulting fees were accrued as of December 31, 2018.

<sup>(7)</sup> These consulting fees were accrued as of December 31, 2019.

### Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or any subsidiary thereof in the year ended December 31, 2019 for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

| Name and Position  | Type of Compensation Security | Number of Compensation Securities, Number of Underlying Securities and Percentage of Class | Date of Issue or Grant | Issue, Conversion or Exercise Price (\$) | Closing Price of Security or Underlying Security on Date of Grant | Closing Price of Security or Underlying Security at Year End | Expiry Date |
|--|-------------------------------|--|------------------------|--|---|--|-------------|
| Robert Meister<br>President, CEO, Secretary and Director | Stock Options                 | Nil  | Nil                    | Nil                                      | Nil   | Nil  | Nil         |
| Martin Bajic<br>CFO and Director                         | Stock Options                 | Nil  | Nil                    | Nil                                      | Nil   | Nil  | Nil         |

| Name and Position              | Type of Compensation Security | Number of Compensation Securities, Number of Underlying Securities and Percentage of Class | Date of Issue or Grant | Issue, Conversion or Exercise Price (\$) | Closing Price of Security or Underlying Security on Date of Grant | Closing Price of Security or Underlying Security at Year End | Expiry Date |
|--------------------------------|-------------------------------|--|------------------------|--|---|--|-------------|
| Steve Bajic<br>Former Director | Stock Options                 | Nil  | Nil                    | Nil                                      | Nil   | Nil  | Nil         |
| Hani Zabaneh<br>Director       | Stock Options                 | Nil  | Nil                    | Nil                                      | Nil   | Nil  | Nil         |
| Samuel Vella<br>Director       | Stock Options                 | Nil  | Nil                    | Nil                                      | Nil   | Nil  | Nil         |

### Exercise of Compensation Securities by Directors and NEOs

No director or NEO exercised any compensation securities, being solely comprised of stock options, during the year ended December 31, 2019.

### Stock Option Plans and Other Incentive Plans

The Company's current stock option plan (the "Plan") is a "rolling" stock option plan, whereby the aggregate number of Shares reserved for issuance, together with any other Shares reserved for issuance under any other plan or agreement of the Company, shall not exceed ten (10%) percent of the total number of issued Shares (calculated on a non-diluted basis) at the time an option is granted. The Plan provides that the Board may, from time to time, in its discretion, grant to directors, officers, employees, consultants and other personnel of the Company and its subsidiaries or affiliates, options to purchase shares of the Company. As at the date hereof, there are no options outstanding under the Plan. The Plan was last approved by the shareholders of the Company on September 12, 2019.

A copy of the Plan is available for review on the Company's profile at [www.sedar.com](http://www.sedar.com) or at the registered offices of the Company, at Suite 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 during normal business hours up to and including the date of the Meeting. See "Particulars of Matters To Be Acted Upon – *Re-Approval of Stock Option Plan*".

### Employment, Consulting and Management Agreements

The Company does not have any employment, consulting or management agreements or arrangements with any of the Company's current NEOs or directors.

### Oversight and Description of Director and NEO Compensation

The Company's compensation program is intended to attract, motivate, reward and retain the management talent needed to achieve the Company's business objectives of improving overall corporate performance and creating long-term value for the Company's shareholders. The compensation program is intended to reward executive officers on the basis of individual performance and achievement of corporate objectives, including the advancement of the exploration and development goals of the Company. The Company's current compensation program is comprised of

base salary or fees, short term incentives such as discretionary bonuses and long term incentives such as stock options.

The Board has not created or appointed a compensation committee given the Company’s current size and stage of development. All tasks related to developing and monitoring the Company’s approach to the compensation of the Company’s NEOs and directors are performed by the members of the Board. The compensation of the NEOs, directors and the Company’s employees or consultants, if any, is reviewed, recommended and approved by the Board without reference to any specific formula or criteria. NEOs that are also directors of the Company are involved in discussion relating to compensation, and disclose their interest in and abstain from voting on compensation decisions relating to them, as applicable, in accordance with the applicable corporate legislation.

**Pension Plan Benefits**

The Company has no pension, defined benefit or defined contribution plans in place.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth details of all the Company’s equity compensation plans as of December 31, 2019. The Company’s equity compensation plan consists of the Plan:

| Plan Category  | Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup> | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|--|--|---|---|
| Equity compensation plans approved by security holders     | Nil  | Nil   | 2,503,080 <sup>(2)</sup>  |
| Equity compensation plans not approved by security holders | Nil  | Nil   | Nil   |
| <b>Total</b>   | <b>Nil</b>   | <b>Nil</b>  | <b>2,503,080 <sup>(2)</sup></b>   |

<sup>(1)</sup> The Company does not have any warrants or rights outstanding under any equity compensation plans.

<sup>(2)</sup> Based on the Company’s issued and outstanding common shares of 25,030,800 as at December 31, 2019.

The Plan provides for the issuance of stock options to acquire up to 10% of the issued and outstanding common shares as of the date of granting of the options. Pursuant to the policies of the TSX Venture Exchange (the “Exchange”), a rolling stock option plan needs to be re-approved by the shareholders of the Company annually. A copy of the Plan is available for review on the Company’s profile at [www.sedar.com](http://www.sedar.com) or at the registered offices of the Company, at Suite 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 during normal business hours up to and including the date of the Meeting. See “Particulars of Matters To Be Acted Upon – *Re-Approval of Stock Option Plan*”.

## **APPOINTMENT OF AUDITOR**

Shareholders will be asked to vote for the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, to serve as auditors of the Company to hold office until the next annual general meeting of the shareholders or until such firm is removed from office or resigns as provided by law and to authorize the Board of the Company to fix the remuneration to be paid to the auditors. Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants were first appointed as auditors of the Company on February 10, 2012.

**Management recommends that shareholders vote in favour of the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as the Company's auditors for the Company's fiscal year ending December 31, 2020 at a remuneration to be fixed by the Company's Board.**

## **AUDIT COMMITTEE DISCLOSURE**

National Instrument 52-110 *Audit Committees* ("NI 52-110") of the Canadian Securities Administrators requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

### **The Audit Committee Charter**

The Company's Audit Committee is governed by an audit committee charter. A copy of the Company's Audit Committee Charter is attached hereto as Schedule A.

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

The Company's Audit Committee is comprised of three directors: Martin Bajic, Samuel Vella and Hani Zabaneh. Martin Bajic, the Company's Chief Financial Officer, is not "independent" as defined in NI 52-110. Hani Zabaneh and Samuel Vella are "independent" as defined in NI 52-110. All of the Audit Committee members are "financially literate", as defined in National Instrument 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

The Audit Committee is responsible for review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right at all times, to inspect all the books and financial records of the Company and any subsidiaries and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The audit committee members meet periodically with management and annually with the external auditors.

### **Relevant Education and Experience**

Each of Martin Bajic, Samuel Vella and Hani Zabaneh meet the requirements set out in Section 3 – Relevant Education and Experience of Form 52-110F2 – Audit Committee Disclosure by Venture Issuers.

### Martin Bajic

Mr. Bajic holds a Bachelor of Arts Degree and a Diploma in Accounting from the University of British Columbia and is a Chartered Professional Accountant. From November 2008 to October 2015, Mr. Bajic served as the Chief Financial Officer of Oyster Oil and Gas Ltd., an oil and gas company listed on the Exchange. Mr. Bajic has been, since August 2011, the Chief Financial Officer and a director of Navy Resources Corp., a junior mining company listed on the Exchange. To Mr. Bajic's knowledge all of his employers during the last five years are carrying on business as of the date of this amended and restated prospectus.

### Samuel Vella

Samuel Vella is an independent consultant in corporate management and financing specifically aimed at the junior mining industry. He consulted with Gold Terra Resource Corp. from 2015 to 2020 and has built and managed several businesses in the United States over the past 16 years.

### Hani Zabaneh

Mr. Zabaneh currently consults with companies providing assistance with funding, mergers and acquisitions, and transitioning to public markets. From 2007 to 2019 he was a principal of Orange Capital Corporation and from January 2015 to October 2016, Mr. Zabaneh was the Vice-President Corporate Development at Eventbase Technology Inc. Prior thereto, Mr. Zabaneh was the Vice President Administration of Metrobridge Networks Corp. from 2005 to 2007 and from 2008 to 2012. Mr. Zabaneh has been a director and officer of public companies since 2007. Mr. Zabaneh obtained an Advanced Diploma in Geographic Information Systems in 1996 from the British Columbia Institute of Technology and a Bachelor of Science (Honours) from Queens University in 1993.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 (*De Minimis Non-audit Services*) provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 (*Exemptions*) permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110 in whole or in part.

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

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company. A copy of the Company's Audit Committee Charter is attached hereto as Schedule A.

### External Auditor Service Fees

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company’s external auditor in the last two fiscal years, by category, are as follows:

| <b>Financial Year Ended December 31</b> | <b>Audit Fees</b> | <b>Audit Related Fees</b> | <b>Tax Fees</b> | <b>All Other Fees</b> |
|---|-------------------|---------------------------|-----------------|-----------------------|
| 2019                                    | \$8,097           | \$0                       | \$800           | \$0                   |
| 2018                                    | \$8,000           | \$0                       | \$900           | \$0                   |

### Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer or employee, proposed nominee for election to the board of directors, or associate of such persons is, or has been, indebted to the Company since the beginning of the most recently completed financial year of the Company and no indebtedness remains outstanding as at the date of this Information Circular.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below, no informed person of the Company, proposed director of the Company or any associate or affiliate of any informed person or proposed director of the Company has had any material interest, direct or indirect, in any transaction since the beginning of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

“**Informed person**” means

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than

10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and

- (d) the Company if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

During the most recently completed financial year, the Company entered into the following transaction with informed persons:

- (a) The Company incurred financial services fees of \$15,000 (2018 - \$7,000) to 1950 Consulting Services Ltd. Martin Bajic is the President of 1950 Consulting Services Ltd., a company that provides financial services to private and public companies. The address of 1950 Consulting Services Ltd. is 3876 Georgia St., Burnaby, BC.

### **MANAGEMENT CONTRACTS**

Since the start of the Company's financial year ended December 31, 2018, there were no management functions of the Company, which were, to any substantial degree, performed by a person other than the directors or executive officers of the Company.

### **CORPORATE GOVERNANCE**

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), the Company is required to disclose its corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") contained in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company's approach to corporate governance is set out below.

#### **Board of Directors**

The Board of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Hani Zabaneh and Samuel Vella are "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than the interests and relationships arising from shareholders. Paul Sun and Martin Bajic are officers of the Company and are therefore not independent.

The operations of the Company do not support a large Board, and the Board has determined that the current size and constitution of the Board is appropriate for the Company's current stage of development. In the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his or her fiduciary obligations as a director of the Company, disclose the nature and extent of his or her interest to the meeting and abstain from voting on or against the approval of such participation.

| Name of Director | Names of Other Reporting Issuers   |
|------------------|--|
| Samuel Vella     | Santa Rosa Resources Corp. <sup>(2)</sup>  |
| Martin Bajic     | Huffington Capital Corp. <sup>(1)</sup><br>Dizun International Enterprises Inc. <sup>(3)</sup><br>Santa Rosa Resources Corp. <sup>(2)</sup><br>ZTR Acquisitions Corp. <sup>(2)</sup><br>Tarachi Gold Corp. <sup>(3)</sup><br>Summa Silver Corp. <sup>(3)</sup><br>Top Exploration Corp. <sup>(3)</sup> |
| Paul Sun         | Tier One Metals Inc. <sup>(N/A)</sup>  |
| Hani Zabaneh     | Dizun International Enterprises Inc. <sup>(3)</sup><br>Sierra Madre Developments Inc. <sup>(2)</sup>   |

<sup>1</sup> TSX Venture Exchange listed issuer.

<sup>2</sup> NEX listed issuer.

<sup>3</sup> CSE listed issuer.

### Board Mandate

The Board is responsible for the conduct of the Company's affairs generally. The Board is responsible for reviewing and approving the Company's operating plans and budgets as presented by management. The Board is responsible for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent practicable. Succession planning, including the recruitment, supervision, compensation and performance assessment of the Company's senior management personnel also falls within the ambit of the Board's responsibilities. The Board is responsible for ensuring effective communication by the Company with its shareholders and the public and for ensuring that the Company adheres to all regulatory requirements with respect to the timeliness and content of its disclosure. In keeping with its overall responsibility for the stewardship of the financial affairs of the Company, the Board created an Audit Committee which is responsible for the integrity of the Company's internal control and management information systems.

The Board is responsible for approving annual operating plans recommended by management. Board consideration and approval is also required for all material contracts and business transactions and all debt and equity financing proposals.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements.

The Board believes the Company is well served and the independence of the Board from management is not compromised. The Board does not have, and does not consider it necessary under the circumstances to have, any formal structures or procedures in place to ensure that the Board can function independently of management. The Board believes that its current composition is sufficient to ensure that the Board can function independently of management.

### **Position Descriptions**

The Chief Executive Officer and the Board have not, to date, developed a formal, documented position description for the Chief Executive Officer and to define the limit of management's responsibilities. The Board is currently of the view that the respective corporate governance roles of the Board and management are clear and that the limits to management's responsibility and authority are reasonably well-defined.

### **Orientation and Continuing Education**

New directors to the Board are provided with access to recent publicly filed documents of the Company, all reports and the Company's internal financial information, access to management, experts and consultants, and a summary of significant corporate and securities responsibilities.

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 and visit the Company's operations. Board members have full access to the Company's records.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board 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, show support for the Company's mission and strategic objectives, and a willingness to serve.

### **Compensation**

Hani Zabaneh and Samuel Vella are independent directors. The independent directors have the responsibility of determining compensation for the directors and senior management. To determine compensation payable, the independent directors review compensation paid for directors and Chief Executive Officers of corporations of similar size and stage of development in its industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management, while taking into account the financial and other resources of the Company. In setting the compensation, the independent directors annually review the performance of the Chief Executive Officer in light of the Company's objectives.

### **Other Board Committees**

The Board has no other committees other than the Audit Committee.

### **Assessments**

The Board regularly monitors the adequacy of information given to directors, communications between the Board and management and the strategic direction and processes of the Board and its committees.

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

Except as disclosed elsewhere in this Information Circular, no director or executive officer of the Company who was a director or executive officer since the beginning of the Company's last financial year, each proposed nominee for election as a director of the Company, or any associates or affiliates of any such directors, executive officers or nominees, 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 the election of directors or the approval of the Stock Option Plan.

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

#### **Re-Approval of Stock Option Plan**

The Company's current stock option plan (the "**Stock Option Plan**") was last approved by the shareholders at the Company's last annual general and special meeting held on September 12, 2019. Management of the Company believes that incentive stock options serve an important function in furnishing directors, officers, employees and consultants (collectively, the "**Eligible Parties**") of the Company an opportunity to invest in the Company in a simple and effective manner and better aligning the interests of the Eligible Parties with those of the Company through ownership of shares in the Company. Accordingly, at the Meeting the shareholders will be asked to consider, and the Board, believing it to be in the best interests of the Company, recommend that the shareholders approve, the Company's Stock Option Plan and the allotment and reservation of sufficient common shares from treasury to provide the shares necessary for issuance upon the exercise from time to time of options granted pursuant to the Stock Option Plan.

The Stock Option Plan is in the form of a rolling stock option plan reserving for issuance upon the exercise of options granted pursuant to the Stock Option Plan a maximum of 10% of the issued and outstanding shares of the Company at the time of the grant, less any shares required to be reserved with respect to options granted by the Company prior to the implementation of the Stock Option Plan. The Stock Option Plan is administered by the Board of the Company, or a committee of three directors, if so appointed by the Board (the "**Committee**"). Subject to the provisions of the Stock Option Plan, the Committee in its sole discretion will determine all options to be granted pursuant to the Stock Option Plan, the exercise price therefore and any special terms or vesting provisions applicable thereto. The Committee will comply with all regulatory requirements in granting options and otherwise administering the Stock Option Plan. A summary of some of the additional provisions of the Stock Option Plan follows:

- (i) options granted to any one person in any 12 month period shall not exceed 5% of the issued and outstanding shares of the Company;

- (iv) options granted to any one consultant to the Company in any 12 month period shall not exceed 2% of the issued and outstanding shares of the Company;
- (v) options granted to all persons in aggregate who are employed to perform investor relations activities shall not exceed 2% of the issued and outstanding shares of the Company, provided that such options vest in stages over a 12 month period with no more than 1/4 of the options vesting in any 3 month period;
- (vi) options granted shall be non-assignable and not transferable and shall not have a term in excess of ten years;
- (vii) the exercise price of options granted shall not be less than the closing price of the Company's shares on the last trading day less any discount permitted by the Exchange (as defined in the Stock Option Plan);
- (viii) all options granted shall be evidenced by written option agreements; and
- (ix) any amendment to reduce the exercise price of options granted to insiders of the Company shall be subject to approval of the disinterested shareholders of the Company.

The policies of the TSX Venture Exchange state that rolling plans, such as the Stock Option Plan, must receive shareholder approval yearly, at the Company's annual general meeting. Accordingly the shareholders will be asked to approve, at the Meeting, the Company's Stock Option Plan, conditional upon receipt of all necessary regulatory approvals.

A copy of the Stock Option Plan is available for review at Clark Wilson LLP, the registered offices of the Company, at Suite 900, 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 during normal business hours up to and including the date of the Meeting.

At the Meeting, shareholders will be asked to vote on the following ordinary resolution, with or without variation:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the Company's Stock Option Plan as described in the Information Circular be and is hereby ratified, confirmed and approved including the reserving for issuance under the Stock Option Plan at any time of a maximum of 10% of the issued and outstanding shares of the Company, subject to any amendments that may be required by the TSX Venture Exchange;
2. the Company be authorized to abandon or terminate all or any part of the Stock Option Plan if the Board of the Company deems it appropriate and in the best interests of the Company to do so;

3. the Company be and is hereby authorized to grant options pursuant and subject to the terms and conditions of the Stock Option Plan; and
4. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including treasury orders, stock exchange and securities commissions forms, as may be required to give effect to the true intent of this resolution.”

**It is the intention of the persons named in the enclosed instrument of proxy, if not expressly directed otherwise in such instrument of proxy, to vote such proxies FOR the ordinary resolution to approve the Stock Option Plan. An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company by mail at 3876 Georgia Street, Burnaby, British Columbia V5C 2S8, to request copies of the Company’s financial statements and related Management’s Discussion and Analysis (“**MD&A**”). Financial information is provided in the Company’s audited financial statements and MD&A for the year ended December 31, 2019.

#### **OTHER MATTERS**

Other than the above, management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

#### **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Information Circular have been approved and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of the Company.

Dated at Vancouver, British Columbia as of the 22<sup>nd</sup> day of October, 2020.

#### **ON BEHALF OF THE BOARD**

#### **NAVY RESOURCES CORP.**

“Martin Bajic”

Martin Bajic

Chief Financial Officer and Director

**SCHEDULE A**  
**AUDIT COMMITTEE CHARTER**

**NAVY RESOURCES CORP.**  
(the “Company”)

**Mandate**

The primary function of the audit committee (the “Committee”) is to assist the Company’s Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements;
- review and appraise the performance of the Company’s external auditors; and
- provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.

**Composition**

The Committee shall be comprised of a minimum of three directors as determined by the Board of Directors. If the Company ceases to be a “venture issuer” (as that term is defined in NI 52-110), then all of the members of the Committee shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

If the Company ceases to be a “venture issuer” (as that term is defined in NI 52-110), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Audit Committee Charter, the definition of “financially literate” is 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 presumably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

## Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

## Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review
  - (a) review and update this Audit Committee Charter annually; and
  - (b) review the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
2. External Auditors
  - (a) review annually, the performance of the external auditors who shall be ultimately accountable to the Company's Board of Directors and the Committee as representatives of the shareholders of the Company;
  - (b) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;
  - (c) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
  - (d) take, or recommend that the Company's full Board of Directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (e) recommend to the Company's Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
  - (f) recommend to the Company's Board of Directors the compensation to be paid to the external auditors;
  - (g) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal

controls and the completeness and accuracy of the Company's financial statements;

- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- (i) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided,
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services, and
  - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### 3. Financial Reporting Processes

- (a) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;

- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- (e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) review the certification process;
- (j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. Other

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee.