



(the "Company")  
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## **INFORMATION CIRCULAR**

as at December 1, 2022

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Grosvenor Resource Corporation (the "Company") for use at the Annual General Meeting (the "Meeting") of its shareholders to be held on Thursday, January 5, 2023, at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Information Circular, references to the "Company", "we" and "our" refer to Grosvenor Resource Corporation. "Common Shares" means common shares without par value in the capital of the Company. "Beneficial Shareholders" means shareholders who do not hold Common Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

**However, due to the ongoing COVID-19 pandemic, shareholders and proxyholders are strongly encouraged not to attend the Meeting in person so that the Company can mitigate potential risks to the health and safety of Shareholders, employees, and the community. Rather, the Company urges all Shareholders to vote by proxy in advance of the Meeting date.**

#### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the "Proxy") are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy in accordance with the instructions set out in this Information Circular.**

#### **Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with

respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein; and
- (iii) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.**

### **Registered Shareholders**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may choose one of the following options:

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

Whatever method the Registered Shareholder chooses to submit the Proxy, they must ensure the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

### **Beneficial Shareholders**

**The following information is of significant importance to shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

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 intermediaries. In Canada the vast majority of such Common Shares are registered 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), and in the United States, 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).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: Objecting Beneficial Owners (“OBOs”) object to their name being made known to the issuers of securities which they own; and Non-Objecting Beneficial Owners (“NOBOs”) who do not object to the issuers of the securities they own knowing who they are.

The Company is taking advantage of the provisions of National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer (“NI 54-101”) that permit the Company to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (“VIF”) from our transfer agent, Computershare Investor Services Inc. (“Computershare”). The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

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

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

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The proxy form supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada and in the United States. Broadridge mails a VIF in lieu of the proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), who is different from any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative, which may be you, in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.**

#### **Notice to Shareholders in the United States**

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

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

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it by:

- (i) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to **Computershare or to the address of the Company at 202 – 2168 Marine Drive, West Vancouver, BC, V7V 1K3**, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (ii) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of auditor and as may be set out herein.

### **RECORD DATE AND QUORUM**

The Board of Directors (the "**Board**") of the Company have fixed the record date for the Meeting at the close of business on December 1, 2022 (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

Under the Company's articles, the quorum for the transaction of business at the Meeting is: one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

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

As of December 1, 2022, there were 26,900,694 Common Shares of the Company issued and outstanding, each carrying the right to one vote. The Company's Common Shares are listed on Tier 2 of the TSX Venture Exchange (the "**TSX-V**") and trade under the symbol GVR.

To the knowledge of the directors and executive officers of the Company and based on the Company's review of the records maintained by Computershare, electronic filings with System for Electronic

Document Analysis and Retrieval (SEDAR) and insider reports filed with System for Electronic Disclosure by Insiders (SEDI), as of December 1, 2022 the only persons or corporations who beneficially own, directly or indirectly, or exercise control or direction over, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company are as follows:

<b>Name</b>	<b>Number of Common Shares</b>	<b>Percentage of Outstanding Common Shares</b>
Ian Rozier	8,732,712	32.46%
David Cohen	6,000,000	22.30%

## **STATEMENT OF CORPORATE GOVERNANCE**

### **Corporate Governance**

Corporate Governance relates to the activities of the Board of Directors (the "**Board**"), the members of which are elected by and are accountable to the shareholders. Corporate governance also takes into account the role of the individual members of management appointed by the Board who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* establishes Corporate Governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Policy 58-101 *Disclosure of Corporate Governance Practices*, the Company is required to disclose its corporate governance practices, as summarized below in accordance with Form 58-101F2. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

#### Board of Directors

The Board is currently composed of four (4) directors, Ian Rozier, Douglas Scheving, Douglas B. Hyndman and Tyler Friesen. It is proposed that four (4) directors, Ian Rozier, Douglas Scheving, Douglas B. Hyndman and Tyler Friesen be nominated for election at the Meeting. Douglas Scheving and Douglas B. Hyndman are independent directors (as that term is defined in National Instrument 52-110 *Audit Committees* ("NI 52-110")). Ian Rozier, is the President and CEO, and Tyler Friesen is the CFO of the Company, therefore they are not independent directors for the purposes of NI 52-110.

#### Directorships

The following table sets forth the directors of the Company who currently hold directorships in other reporting issuers:

<b>Name of Director</b>	<b>Other Issuer</b>	<b>Exchange Listed</b>
Ian Rozier	Newport Exploration Ltd	TSXV

#### Orientation and Continuing Education

Each new director is given an outline of the nature of the Company's business, its corporate strategy and current issues within the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company's business and are given the opportunity to meet with counsel to the Company to discuss their legal obligations as director of the Company.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities rules and policies and is on the mailing list of the TSX-V to receive updates to any of those policies. Any

such changes or new requirements are then brought to the attention of the Company's directors either by way of director or committee meetings or by direct communication from management or the directors.

#### 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, are sufficient to ensure the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

In addition, the Company has a "whistleblower" policy which provides a procedure for the submission of information by any Director, Officer, employee or external party relating to possible violations of all applicable government laws, rules and regulations, corporate reporting and disclosure, accounting practices, accounting controls, auditing practices and other matters relating to fraud against shareholders.

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual general meeting, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

#### Compensation

The Board as a whole decides the compensation for the Company's officers, based on industry standards and the Company's financial situation. Members of the Board do not currently receive any additional remuneration for acting in such capacity.

#### Other Board Committees

The Board has no committees other than the Audit Committee.

#### Assessments

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

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

Pursuant to Section 224(l) of the *Business Corporations Act* (British Columbia) and policies of the TSX-V, the Company is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 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.

#### Audit Committee Charter

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities by reviewing the financial information, which will be provided to the shareholders and the public, the systems of corporate controls, which management and the Board have established, and overseeing the audit process. It has general responsibility to oversee internal controls, accounting and auditing activities and legal compliance of the Company. The Committee also is mandated to review and approve all material related party transactions. A copy of the Audit Committee Charter is annexed hereto as Schedule "A".

Composition of the Audit Committee

Members of the Audit Committee are:

Ian Rozier	Not Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Douglas Scheving	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Douglas B. Hyndman	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

Note: (1) As defined by NI 52-110.

Relevant Education and Experience

**Douglas B. Hyndman** is a partner with the law firm Kornfeld LLP in Vancouver. He graduated from McGill University in 1976 and earned an L.L.B. at Dalhousie University in 1979. Since 1982, he has been a member of the bar in the Province of British Columbia where he specializes in corporate and banking law.

**Douglas Scheving** has over 40 years experience in the mining industry, most of which has been in British Columbia and brings many years of experience in the management and operations of public resource companies. Since April 2001, Mr. Scheving has been the principal of Corporate Administrative Services Limited.

**Ian Rozier** is a Professional Engineer with over 30 years experience in the mining industry. Formerly with Goldfields of South Africa and a partner of Golder Associates, he worked for, or was a consultant to, several major mining companies until 1987. He has been involved in many capital raisings in Canada and Europe and is well known in the Canadian Mining Industry and European capital markets.

Audit Committee Oversight

At no time since the commencement of the Company's most recent completed financial year was a recommendation of the Audit Committee made to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

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

External Auditor Service Fees (By Category)

Fees incurred with the Company's Auditor for audit and non-audit services in the Company's last two fiscal years are outlined in the following table:

	Fees Paid to Auditor in Fiscal Year Ended August 31, 2022	Fees Paid to Auditor in Fiscal Year Ended August 31, 2021
Audit Fees <sup>(1)</sup>	\$16,250	\$15,500
Audit-related Fees <sup>(2)</sup>	1,327	1,268
Tax Fees <sup>(3)</sup>	5,350	5,350
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>\$22,927</b>	<b>\$22,118</b>

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit of the Company's financial statements and also fees incurred in relation to the performance of quarterly reviews. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

### Exemption

The Company, as a "Venture Issuer" as defined in NI 52-110, has relied on the exemption set forth in section 6.1 of NI 52-110 with respect to the requirements of Parts 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Named Executive Officers**

In accordance with the provisions of applicable securities legislation, the Company had two "Named Executive Officers" during the financial year ended August 31, 2022, namely Ian Rozier, Chief Executive Officer, and Tyler Friesen, Chief Financial Officer, for the purpose of this Information Circular:

"CEO" of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity for any part of the most recently completed financial year;

"CFO" of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity for any part of the most recently completed financial year;

"Executive Officer" of an entity means an individual who is:

- (a) the Chair of the Company, if any;
- (b) the Vice-Chair of the Company, if any;
- (c) the President of the Company;
- (d) a Vice-President of the Company in charge of a principal business unit, division or function including sales, finance or production;
- (e) an Officer of the Company who performs a policy-making function in respect of the Company; or
- (f) any other individual who performs a policy-making function in respect of the Company;

"Named Executive Officers" or "NEOs" means:

- (a) the CEO of the Company;
- (b) the CFO of the Company;
- (c) each of the Company's three most highly compensated Executive Officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
- (d) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an Executive Officer of the

Company, nor in a similar capacity, at the end of the most recently completed financial year.

### **Option-based Awards**

The Corporation's current Share Option Plan (the "Plan") has been established in accordance with the policies of the TSXV. The number of Common Shares reserved for issuance pursuant to the exercise of stock options under the Plan is equal to 10% of the number of issued and outstanding Common Shares of the Corporation at any given time on a "rolling" basis.

The Plan was established to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Corporation. The intention of management in proposing the Plan was and is to increase the proprietary interest of such persons in the Corporation and thereby aid the Corporation in attracting, retaining and encouraging the continued involvement of such persons with the Corporation. The Plan is administered by the Corporation's board who has the authority to grant options to directors, officers, employees and consultants. At the time an option is granted, the board will determine the terms of the option, including the exercise price and any vesting provisions, providing the same are in accordance with the TSXV policies.

Pursuant to the policies of the TSXV, a "rolling" stock option plan must be approved and ratified annually by the Shareholders. The Plan was approved at the Company's last Annual General Meeting held on January 6, 2022 and was subsequently amended effective September 7, 2022 (see Particulars of Matters to be acted Upon – Share Option Plan). The following information is intended as a brief description of the Plan:

1. The aggregate maximum number of options which may be granted under the Plan at any one time is 10% of the number of common shares the Corporation has outstanding at the time of grant.
2. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.
3. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, on the day on which the directors grant such options, less any discount permitted by the TSXV, or such other price as may be required or permitted by the TSXV.
4. The board of directors may, from time to time in its sole discretion, attach restrictions relating to the exercise of an option, including vesting provisions save and except any options granted to consultants performing investor relations activities must include a vesting schedule whereby the options must vest in stages over at least twelve months with not more than one-quarter vesting in any three month period. Vesting provisions, other than those attached to options granted to investor relations consultants may be accelerated in the event of a Take Over Bid ( subject to TSXV acceptance and shareholder approval) and in the event of a Change of Control.
5. All options are non-assignable and non-transferrable.
6. No more than (i) 5% of the issued common shares may be granted to any one individual in any 12 month period; and (ii) no more that 2% of the issued common shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
7. If the option holder ceases to be a director of the Corporation (other than by reason of death), then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director of the Corporation, subject to the terms and conditions set out in the

Plan. If the option holder ceases to be an Employee or Service Provider of the Corporation (other than by reason of death), then the vested portion of the options granted shall expire on the 90th day following the date the option holder ceases to be an Employee or Service Provider (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the option holder at any time prior to expiry of the option). Provided that, if the option holder is terminated for cause, the options will immediately terminate without right to exercise same.

8. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option or extensions of any options if the option holder is an insider; (ii) any grant of options to insiders, within a one-year period or at any point in time, exceeding 10% of the Corporation's issued common shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Corporation's issued common shares.
9. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Corporation's common shares provided that any adjustment to options granted or issued, other than in connection with a consolidation or share split, is subject to the prior acceptance of the TSXV.

A copy of the Plan is available on request and will be available for review at the Meeting.

### Compensation Discussion and Analysis

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation for this fiscal year and prior fiscal years has historically been based upon a negotiated salary, with option-based awards and bonuses potentially being issued and paid as an incentive for performance.

As the Company does not have a Compensation Committee, the Board has the responsibility to administer compensation policies related to executive management.

### Summary Compensation Table

The following table presented in accordance with NI 51-102F6, Statement of Executive Compensation, sets forth all annual and long term compensation paid to the NEOs for services in all capacities to the Company for the past three completed financial years ended.

**Summary Compensation Table  
For Financial Year Ending August 31, 2022**

Name and Principal Position	Year Ended August 31,	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long term incentive plans (\$)			
Ian Rozier, President & CEO <sup>(2)</sup>	2022	Nil	Nil	Nil	Nil	Nil	Nil	96,000	96,000
	2021	Nil	Nil	Nil	Nil	Nil	Nil	96,000	96,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil	96,000	96,000
Tyler Friesen, CFO <sup>(3)</sup>	2022	Nil	Nil	Nil	Nil	Nil	Nil	72,000	72,000
	2021	Nil	Nil	Nil	Nil	Nil	Nil	72,000	72,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil	72,000	72,000

Notes:

- (1) the value of the option-based award is determined using the Black-Scholes option-pricing model.
- (2) all amounts up to December 31, 2021 (except for option-based awards) for Mr. Rozier were paid to Buccaneer Management Inc., a private British Columbia company controlled by Mr. Rozier.
- (3) all amounts (except for option-based awards) for Mr. Friesen were paid to Kingfisher Consulting Ltd., a private British Columbia company controlled by Mr. Friesen.

*Outstanding share-based awards and option-based awards*

The following table sets forth information concerning all option-based awards outstanding under the share option plan of the Company at the end of the most recently completed financial year to each of the Named Executive Officers.

Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(1)</sup> of Unexercised in-the-money Options (\$)
Ian Rozier President/Chief Executive Officer	1,015,000	0.17	May 29, 2023	N/A
Tyler Friesen Chief Financial Officer	500,000	0.17	May 29, 2023	N/A

Notes:

1. Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options as at the closing price on the date of the current financial year end, or, if no trades on date of the current financial year end, closing price on the previous trading day. The last closing price of the Company's shares was \$0.105 on August 31, 2022.

*Incentive Plan Awards: Value Vested or Earned During the Year*

The following table sets out the value vested or earned under incentive plans during the year ended August 31, 2022, for each NEO:

Name	Option-based awards Value vested during the year (\$)	Share-based awards Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Ian Rozier President/Chief Executive Officer/Director	Nil	Nil	Nil
Tyler Friesen Chief Financial Officer	Nil	Nil	Nil

*Pension Plan Benefits*

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

*Termination of Employment, Change in Responsibilities and Employment Contracts*

Other than as disclosed under the heading “*Management Contracts*” below, the Company does not have an employment contract with any of its Named Executive Officers. Other than as disclosed under the heading “*Management Contracts*” below, neither the Company nor any of its subsidiaries have any plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of the executive officers' employment with the Company and its subsidiaries or from a change of control of the Company or any subsidiary of the Company or a change in the executive officers' responsibilities following a change in control.

*Management Contracts*

The Company is a party to a Consultancy and Management Agreement with Ian Rozier. (“Rozier”) dated January 1, 2022 which shall remain in force on a continuous basis, subject to the terms and provisions of the Agreement. Under the terms of Agreement, Rozier is paid a management fee of \$8,000 per month. Rozier is entitled to receive a payment equal to thirty-six (36) months management fees in the event of termination. The following events will be deemed to be events which cause the termination of the Agreement by the Company, providing the Contractor elects to treat the event as such by notifying the Company within 60 days of the event, and which will cause the termination charges to become immediately payable to the Contractor:

- (a) a material reduction in the role, rights and duties of the Contractor;
- (b) a merger, amalgamation or other statutory reorganization of the Company;
- (c) a change in control of the Company, which change of control, without restricting the generality of the foregoing, shall include the following:
  - (i) any successful takeover bid, tender or exchange offer, as defined in the *Securities Act*.
  - (ii) any solicitation of proxies or direct vote by shareholders of the Company which directly or indirectly results in a change in the Board of Directors including the failure to re-elect the principal of the Contractor to the Board;
  - (iii) any acquisition of shares of the Company by any person which results in a change of control as defined in the *Securities Act* or a change in the Board of Directors;
  - (iv) any disposition of substantially all the assets of the Company or a change in the Business of the Company.

The Company is a party to a Consultancy and Management Agreement with Kingfisher Consulting Corp. (“Kingfisher”) dated January 1, 2018 which shall remain in force on a continuous basis, subject to the terms and provisions of the Agreement. Under the terms of Agreement, Kingfisher is paid a management fee of \$6,000 per month. Kingfisher is entitled to receive a payment equal to twelve (12) months fees in the event of termination. The following events will be deemed to be events which cause the termination of the Agreement by the Company, providing the Contractor elects to treat the event as such by notifying the Company within 60 days of the event, and which will cause the termination charges to become immediately payable to the Contractor:

- (a) a material reduction in the role, rights and duties of the Contractor;
- (b) a merger, amalgamation or other statutory reorganization of the Company;

(c) a change in control of the Company, which change of control, without restricting the generality of the foregoing, shall include the following:

- (i) any successful takeover bid, tender or exchange offer, as defined in the *Securities Act*.
- (iv) any solicitation of proxies or direct vote by shareholders of the Company which directly or indirectly results in a change in the Board of Directors including the failure to re-elect the principal of the Contractor to the Board;
- (v) any acquisition of shares of the Company by any person which results in a change of control as defined in the *Securities Act* or a change in the Board of Directors;
- (iv) any disposition of substantially all the assets of the Company or a change in the Business of the Company.

Otherwise, there are no management functions of the Company, which are to any substantial degree performed by a person or company other than the executive officers of the Company.

*Compensation of Directors*

The following table sets forth all amounts of compensation provided to directors who were not a NEO of the Company during the Company's financial year ended August 31, 2022.

Name	Fees Earned (\$) <sup>(1)</sup>	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Douglas Scheving	12,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	12,000
Douglas B. Hyndman	12,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	12,000

Notes:

- 1. The value of perquisites and benefits, if any, for each director who was not a Named Executive Officer was less than the lesser of \$50,000 and 10% of the total annual salary and bonus.
- 2. The value of the option-based award was determined using the Black-Scholes option-pricing model.
- 3. Director fees of \$12,000 per year, payable quarterly in arrears.

*Outstanding share-based awards and option-based awards of Directors*

The following table sets forth information concerning all option-based awards outstanding under the share option plan of the Company at the end of most recently completed financial year to each of the directors of the Company who were not Named Executive Officers during the last financial year ended August 31, 2021.

Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(1)</sup> of Unexercised Options (\$)
<b>Douglas Scheving</b>	200,000	0.17	May 29, 2023	N/A
<b>Douglas B. Hyndman</b>	200,000	0.17	May 29, 2023	N/A

Notes:

- The value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options as at the closing price on the date of the current financial year end, or, if no trades on date of the current financial year end, closing price on the previous trading day. The last closing price of the Company's shares was \$0.105 on August 31, 2022.

*Incentive Plan Awards: Value Vested or Earned During the Year*

The following table sets out the value vested or earned under incentive plans during the year ended August 31, 2022, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

Name	Option-based awards – Value vested during the year (\$)
<b>Douglas Scheving</b>	Nil
<b>Douglas Hyndman</b>	Nil

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

The Company has a “rolling” stock option plan (the “Plan”). Pursuant to the Plan, the Company can grant options up to a maximum of 10% of the Company’s issued and outstanding share capital. As at the date of this Information Circular, the Company has issued a total of nil options pursuant to the Plan. For further information regarding the terms of the Plan, refer to the heading “*Particulars of Other Matters to be Acted Upon - Share Option Plan*” below.

The following table sets out equity compensation plan information as at the end of the financial year ended August 31, 2022.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders - (the Option Plan)	2,450,000	N/A	235,069
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>2,450,000</b>	<b>N/A</b>	<b>235,069</b>

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At any time during the Company’s last completed financial year, no director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director,

executive officer or employee of the Company is or has been indebted to the Company or is or has been indebted to another entity where such indebtedness is or has been 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, other than routine indebtedness.

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

This Information Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year, or in any proposed transaction which has materially affected or would materially affect the Company.

During the Company's fiscal year ended August 31, 2022, the Company:

- a) Paid or accrued Management fees of \$32,000 (2021 - \$96,000) to a company controlled by the CEO and director of the Company.
- b) Paid or accrued management fees of \$64,000 (2021 - \$Nil) to Ian Rozier, CEO & director of the Company.
- c) Paid or accrued directors fees of \$24,000 (2021 - \$31,000) to directors of the Company.
- d) Paid or accrued professional fees of \$72,000 (2021 - \$72,000) to a company controlled by the CFO of the Company.
- e) Reimbursed rent expense of \$5,000 (2021 - \$12,000) to a company controlled by a director of the Company.
- f) Reimbursed rent expense of \$7,000 (2021 - \$Nil) to a company with a director and officer in common.

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

#### **Financial Statements**

At the Meeting management will present the audited financial statements of the Company for the fiscal year ended August 31, 2022, together with the auditor's report thereon and the related management discussion & analysis to the shareholders for their review and consideration. Copies of these documents are available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Election of Directors**

The size of the Company's Board is currently determined at four (4) directors, and the Board proposes that the number of directors remain at four (4). Shareholders will be asked to approve an ordinary resolution fixing the number of directors to be elected at the Meeting at four (4).

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the "BCA"), each director elected will hold office until the conclusion of the next annual general meeting of the Company.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (including for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Information Circular.

<b>Nominee Position with the Company and Province or State and Country of Residence</b>	<b>Occupation, Business or Employment<sup>(1)</sup></b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
<b>Ian Rozier</b> President and Chief Executive Officer British Columbia, Canada	Principal of Buccaneer Management Inc	Since February 2017	8,732,712
<b>Tyler friesen</b> CFO and Corporate Secretary British Columbia, Canada	Principal of Kingfisher Consulting Ltd.	Since April 2021	Nil
<b>Douglas B. Hyndman</b> Director British Columbia, Canada	Partner of Kornfeld LLP.	Since February 2017	Nil
<b>Douglas Scheving</b> Director British Columbia, Canada	Principal of Corporate Administrative Service Limited	Since February 2008	18,750

Note:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned has been furnished by the respective nominees. Common Shares Beneficially owned, are voting securities beneficially owned, directly or indirectly, or over which the director nominee exercises control or direction.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. **The persons named in the enclosed form of proxy intend to vote for the election of all of the nominees whose names are set forth above.**

#### **Cease Trade Orders and Bankruptcies**

As at the date of this Information Circular and within the ten years before the date of this Information Circular, no proposed director:

- (a) is or has been a director or executive officer of any company (including the Company), that while that person was acting in that capacity:
- i. was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - ii. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - iii. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has within 10 years before the date of this Information Circular become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

### **Appointment of Auditor**

KPMG LLP, Chartered Accountants, 11<sup>th</sup> floor, 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3, will be nominated at the Meeting for re-appointment as auditor of the Company until the next annual general meeting of shareholders of the Company at a remuneration to be fixed by the Board. KPMG LLP, Chartered Accountants has been auditor for the Company since May 10, 2017. Prior to that date, the auditors of the Company were Davidson & Company LLP.

### **Share Option Plan**

The TSX-V requires each company listed on the exchange that grants stock options, to have a stock option plan. In order to comply with TSX-V policies, and to provide incentive to directors, officers, employees, management and others who provide services to the Company or any subsidiary to act in the best interests of the Company, the shareholders of the Company adopted a Share Option Plan (the “Plan”) on January 17, 2012 which was subsequently amended September 7, 2022

The amendments to the Plan effected September 7, 2022 are (i) section 2.10 is amended to require disinterested shareholder approval to any extension of the term of any options granted to Insiders (ii) section 3.7 is amended to provide that any acceleration of the vesting provisions of options granted to Investor Relations Services Providers is subject to prior written approval of the TSXV (iii) section 3.13 is amended to require prior acceptance of the TSXV to any adjustment to options granted or issued other than in relation to a consolidation or share split.

Under the Plan, a maximum of 10% of the issued and outstanding common shares of the Company at the time an option is granted less common shares reserved for issuance outstanding in the Plan, will be reserved for options to be granted at the discretion of the Company’s Board to eligible optionees (the “Optionees”). This type of Plan is called a “rolling” plan. As at the date of mailing of this Information Circular, 2,450,000 share options have been granted by the Company under the Plan.

Under the TSX-V policies, continuation of the Plan requires annual shareholder approval at each Annual Meeting of the Company by ordinary resolution. The Company is of the view that the Plan permits the Company to attract and maintain the services of executives, employees and service providers with other companies in the industry. A copy of the Plan will be available for inspection at the Meeting.

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

“Resolved that the Company’s share option plan dated for reference January 17, 2012, as amended September 7, 2022 be and is hereby ratified and approved.”

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.

**The Board recommends that you vote in favour of the above resolution**

### **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found in the Company's audited comparative financial statements for the financial years ended August 31, 2021 and the accompanying auditor's report and related management discussion and analysis. Copies of the Company's financial statements and related management discussion and analysis, and additional copies of this Information Circular, may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) and upon request from the Company's Secretary at 202-2168 Marine Drive, West Vancouver, BC, V7V 1K3, Tel: (604) 685-6851 or Fax: (604) 685-6493.

### **OTHER MATTERS**

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

The contents of this Information Circular and its distribution to shareholders have been approved by the Company's Board.

**DATED** at Vancouver, British Columbia, December 1, 2022.

**BY ORDER OF THE BOARD**

*/s/ "Ian Rozier"*

**Ian Rozier**  
**Chief Executive Officer**

## SCHEDULE "A"

### **GROSVENOR RESOURCE CORPORATION (the "Company")**

#### **AUDIT COMMITTEE CHARTER**

##### **1. Mandate**

The Audit Committee will assist the Board of Directors (the "Board") in fulfilling its financial oversight responsibilities. The Audit Committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each Audit Committee member must obtain an understanding of the principal responsibilities of Audit Committee membership as well and the Company's business, operations and risks.

##### **2. Composition**

The Board will appoint from among their membership an Audit Committee after each annual general meeting of the shareholders of the Company. The Audit Committee will consist of a minimum of three directors.

###### *2.1 Independence*

A majority of the members of the Audit Committee must not be officers, employees or control persons of the Company.

###### *2.2 Expertise of Committee Members*

Each member of the Audit Committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. At least one member of the Audit Committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

##### **3. Meetings**

The Audit Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Audit Committee may determine. The Audit Committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

##### **4. Roles and Responsibilities**

The Audit Committee shall fulfill the following roles and discharge the following responsibilities:

###### *4.1 External Audit*

The Audit Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the Audit Committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;

- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The Audit Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the Audit Committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the Audit Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The Audit Committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the Audit Committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review Management's Discussion & Analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- (a) review and approve the Interim Financial Statements prior to their release to the public; and
- (b) review Management's Discussion & Analysis respecting the interim reporting period prior to its release to the public.

##### *Release of Financial Information*

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

#### 4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Audit Committee.

##### *Delegation of Authority*

(a) The Audit Committee may delegate to one or more independent members of the Audit Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Audit Committee at its next scheduled meeting.

##### *De-Minimis Non-Audit Services*

(a) The Audit Committee may satisfy the requirement for the pre-approval of non-audit services if:

- (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
- (ii) the services are brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated.

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

(a) The Audit Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

- (i) the pre-approval policies and procedures are detailed as to the particular service;
- (ii) the Audit Committee is informed of each non-audit service; and
- (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.

#### 4.5 *Other Responsibilities*

The Audit Committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

#### 4.6 *Reporting Responsibilities*

The Audit Committee shall regularly update the Board about Audit Committee activities and make appropriate recommendations.

### 5. **Resources and Authority of the Audit Committee**

The Audit Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Audit Committee; and
- (c) communicate directly with the internal and external auditors.

### 6. **Guidance – Roles & Responsibilities**

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the Audit Committee:

#### 6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

#### 6.2 *Financial Reporting*

##### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

##### *Annual Financial Statements*

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to Audit Committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;

- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

#### *Interim Financial Statements*

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either by telephone or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim financial statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the company's operations and financing practices;
  - (iii) generally accepted accounting principles have been consistently applied;
  - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
  - (v) there are any significant or unusual events or transactions;
  - (vi) the Company's financial and operating controls are functioning effectively;
  - (vii) the Company has complied with the terms of loan agreements, security indentures or any other financial position or results dependent agreement; and
  - (viii) the interim financial statements contain adequate and appropriate disclosures.

#### 6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

#### 6.4 *Other Responsibilities*

- (a) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.