

**BARSELE MINERALS CORP.**

**300 - 1055 West Hastings Street  
Vancouver, BC V6E 2E9  
Phone: 604-687-8566**

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**INFORMATION CIRCULAR**

**(As at May 18, 2022, except as otherwise indicated)**

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## MANAGEMENT SOLICITATION

This information circular (the "Circular") is furnished to you in connection with the solicitation of proxies by management of Barsele Minerals Corp. ("we", "us", "Barsele" or the "Company") for use at the annual general and special meeting (the "Meeting") of shareholders of the Company ("Barsele Shareholders") to be held at 10:30 am (Vancouver time) on Wednesday, June 22, 2022, and at any adjournment of the Meeting. We will conduct the solicitation by mail, and our officers, directors and employees may, without receiving special compensation, contact Barsele Shareholders by telephone, electronic means, or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse Barsele Shareholders, nominees, or agents for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

## GENERAL PROXY INFORMATION

### Appointment of Proxyholders

The persons named as proxyholders in the enclosed form of proxy are the Company's directors or officers. **As a Barsele Shareholder, you have the right to appoint a person or company (who need not be a Barsele Shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

### Voting by Proxy

**The persons named in the accompanying form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your shares will be voted in favour of all matters.**

**The enclosed form of proxy gives the persons named as proxyholders discretionary authority regarding amendments to or variations of matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation, or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgment.**

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an "X" in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the proxyholders nominated by management will vote the shares represented by your proxy in accordance with their judgment.**

### Completion and Return of Proxy

You must deliver the completed form of proxy to the office of the Company's registrar and transfer agent, Computershare Investor Services Inc. (contact information below), or to the Company's head office at the address listed on the cover page of this Circular, by Monday, June 20, 2022 at 10:30 am (Vancouver time), which is not less than 48 hours (Saturdays, Sundays, and holidays excepted) before the scheduled time of the Meeting (or any adjournment, as applicable).

**Mail:**

Computershare Investor Services Inc.  
Proxy Dept.  
100 University Avenue, 9<sup>th</sup> Floor  
Toronto, Ontario M5J 2Y1

**Fax:**

Within North America: 1-866-249-7775  
Outside North America: 1-416-263-9524

**Non-Registered Holders**

Only Barsele Shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. Most Barsele Shareholders are "non-registered" Barsele Shareholders because their shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee, or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a "**Nominee**"). If you purchased your shares through a broker, you are likely a non-registered Barsele Shareholder.

Non-registered Barsele Shareholders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as "**NOBOs**". Those non-registered Barsele Shareholders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as "**OBOs**".

In accordance with securities regulatory requirements under National Instrument 54-101- *Communication with Beneficial Owners of Securities of a Reporting Issuer*, we will have distributed copies of the Notice of Meeting, this Circular, and the form of proxy (the "**Meeting Materials**") directly to NOBOs and to the Nominees for onward distribution to OBOs.

Nominees are required to forward the Meeting Materials to each OBO unless the OBO has waived the right to receive them. Management does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials, and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary* and that in the case of an OBO, the objecting beneficial owner will not receive these materials unless the OBO's intermediary assumes the cost of delivery.

Shares held by Nominees can only be voted in accordance with the instructions of the non-registered Barsele Shareholder. Meeting Materials sent to non-registered Barsele Shareholders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a "**VIF**"). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered Barsele Shareholder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered Barsele Shareholder. VIFs, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered Barsele Shareholders to direct the voting of the shares they beneficially own. Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the non-registered holder may request a legal proxy as set forth in the VIF, which will grant the non-registered holder or his/her nominee the right to attend and vote at the Meeting. Non-registered Barsele Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

**Revocability of Proxy**

If you are a registered Barsele Shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered Barsele Shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to the office of the Company's registrar and transfer agent or to the Company's head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment or postponement thereof.

If you are a non-registered Barsele Shareholder who wishes to revoke a proxy authorization form or VIF or to revoke a waiver of your right to receive Meeting Materials and to give voting instructions, you must give written instructions to your Nominee in accordance with such Nominee's instructions.

Notice of the Meeting was posted on the Company's SEDAR profile on April 26, 2022.

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

Except as set out herein, none of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed 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.

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

The Company is authorized to issue an unlimited number of common shares without par value (each, a "**Barsele Share**"), of which 130,972,544 Barsele Shares were issued and outstanding as of the record date, being May 18, 2022 (the "**Record Date**"). The Company has only one class of shares, the Barsele Shares.

Persons who are registered Barsele Shareholders at the close of business on the Record Date will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every Barsele Shareholder and proxyholder will have one vote and, on a poll, every Barsele Shareholder present in person or represented by proxy will have one vote for each Barsele Share. In order to approve a motion proposed at the meeting, a majority of more than 50% of the votes cast will be required to pass an ordinary resolution.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no person or company beneficially owns directly or indirectly, controls, or directs shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company, except Gary Cope, who directly and indirectly through his holding company, 683192 B.C. Ltd., has control and direction over 19,113,800 Barsele Shares, representing 14.6% of the voting rights attached to all of the issued and outstanding Barsele Shares, and options to purchase 1,350,000 Barsele Shares, which, if fully exercised, represent a combined total of 15.6% of the voting rights attached to all issued and outstanding Barsele Shares.

### **EXECUTIVE COMPENSATION**

#### **Compensation Discussion and Analysis**

#### ***Compensation, Philosophy and Objectives***

The Company has appointed a Compensation Committee and adopted a Compensation Committee Charter providing the Compensation Committee with the overall responsibility of recommending levels of executive compensation in order to attract, hire, retain and motivate the Company's Chief Executive Officer, Chief Financial Officer, and other executive officers (collectively, "**Management**") and certain key employees and non-executive officers below the vice-president level (collectively, "**Non-Management Officers**") and for recommending compensation of directors. See Appendix B of this Circular for a full copy of the Compensation Committee Charter.

The Compensation Committee consists of a minimum of three members, each of whom, to the extent possible, shall be independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). As of the date of this Circular, the members of the Compensation Committee are Gary Cope, Rick Sayers, and William H. (Harry) White. Each of Messrs. Sayers and White are considered independent for purposes of NI 52-110.

The Barsele board of directors (the "**Barsele Board**") meets to discuss and determine management compensation upon recommendation by the Compensation Committee in accordance with the parameters set out in the Compensation Committee Charter. In accordance with the Compensation Committee Charter, the Barsele Board has delegated to the Compensation Committee the following duties and responsibilities:

- (a) recommend to the Barsele Board: (i) the performance targets and corporate goals relevant to Management compensation and evaluate the performance of Management in relation to such goals; (ii) the proposed appointment of any person to Management; (iii) Management compensation; (iv) Non-Management Officer compensation; and (v) compensation of the directors who serve on the Barsele Board or its committees.
- (b) administer the Stock Option Plan and recommend to the Barsele Board all awards and benefits to be granted under such plan to Management and Non-Management Officers;
- (c) with the assistance of Management, monitor compensation trends and recommend to the Barsele Board compensation policies and plans for the Corporation; and
- (d) review the Company's disclosure related to executive compensation disclosure and the Stock Option Plan;

In carrying out its duties, the Compensation Committee may engage outside consultants to aid in its review of the Company's compensation program and policies.

The Barsele Board, as a whole and based on the recommendations of the Compensation Committee, aims to ensure that total compensation paid to Management, Non-Management Officers and directors is fair and reasonable. The Barsele Board relies on the experience of its members as officers and directors with other junior mining companies in assessing compensation levels based on the recommendations provided by the Compensation Committee. No director or member of Management (including the Named Executive Officers (as hereinafter defined)) is permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of the Company's equity securities held directly or indirectly.

### ***Analysis of Elements***

Base compensation is used to provide the Management and Non-Management Officers a set amount of money during the year with the expectation that each such person will perform his or her responsibilities to the best of his or her ability and in the best interests of the Company. The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward members of Management and Non-Management Officers' efforts to increase value for Barsele Shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to directors, officers, consultants, and employees periodically at the discretion of the Barsele Board, on recommendation from the Compensation Committee. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's current 2017 stock option plan, which was most recently approved by Barsele Shareholders at the annual general and special meeting held on June 23, 2021 (the "**Stock Option Plan**"). The Barsele Board may, on a recommendation from the Compensation Committee, choose to grant a cash bonus to Management and Non-Management Officers during the year at its sole discretion. The amount and timing of such bonus will depend on the needs of the Company, the amount of cash in the treasury, and the relative amounts each member of management or consultant earns in fees each month.

### ***Long-Term Compensation and Option-Based Awards***

The Company has no long-term incentive plans other than the Stock Option Plan. The Company's directors, officers, employees, and consultants are entitled to participate in the Stock Option Plan. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of senior management, employees, and other consultants. The Barsele Board believes that the Stock Option Plan aligns the interests of Management, Non-Management Officers and the Barsele Board with Barsele Shareholders by linking a component of executive compensation to the longer-term performance of the Barsele Shares.

Options to purchase Barsele Shares under the terms of the Stock Option Plan (each, a "**Barsele Option**") are granted by the Barsele Board, on recommendations from the Compensation Committee. In monitoring or adjusting the Barsele Option allotments, the Compensation Committee takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous Barsele Option grants and the objectives set for Management, Non-Management Officers and the Barsele Board. In addition to determining the number of Barsele Options to be granted pursuant to the methodology outlined above, the Compensation Committee, on behalf of the Barsele Board, also makes the following determinations:

- the parties who are entitled to participate in the Stock Option Plan;
- the exercise price of each Barsele Option granted;
- the date on which each Barsele Option is granted;
- the vesting period, if any, for each Barsele Option;
- the other material terms and conditions of each Barsele Option grant; and
- any re-pricing or amendment to a Barsele Option grant.

The Compensation Committee makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. The Barsele Board reviews and approves grants of Barsele Options periodically during the financial year based on the recommendations of the Compensation Committee.

Pursuant to the Stock Option Plan, the Barsele Board may grant Barsele Options to directors, officers, employees, and consultants as incentives. The number of Barsele Options awarded to a recipient is determined by his position and his potential future contributions to Barsele. The exercise price of Barsele Options is determined by the Barsele Board, on recommendation from the Compensation Committee, but will in no event be less than the closing trading price of the Barsele Shares on the TSX Venture Exchange (the "**TSXV**") on the day before a Barsele Option is granted.

The executive officers and Barsele Board refer to the Compensation Committee with respect to setting or amending any equity incentive plans under which share-based or option-based awards are granted, including the Stock Option Plan. The Compensation Committee carries out these responsibilities in accordance with the Compensation Committee Charter.

### ***Summary of Compensation***

For the purposes of this Circular, "**Named Executive Officer**" means each of the following individuals:

- (a) the chief executive officer ("**CEO**") of the Company;
- (b) the chief financial officer ("**CFO**") of the Company;
- (c) the most highly compensated executive officer, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for the year ended December 31, 2021; and

- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity, on December 31, 2021.

**Compensation Excluding Compensation Securities**

During the financial year ended December 31, 2021, the Company had two Named Executive Officers: Gary Cope, President and CEO, and Ross Wilmot, CFO. The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the year ended December 31, 2021. Additional information about the Company in prior years is available on its SEDAR profile at [www.sedar.com](http://www.sedar.com).

Table of Compensation Excluding Compensation Securities							
Name and Principal Position	Year	Salary or Consulting Fee (\$)	Bonus (\$)	Committee Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Gary Cope, President, CEO and Director	2021	293,350	20,000	N/A	Nil	Nil	313,350
	2020	134,875	Nil	N/A	Nil	Nil	134,875
Ross Wilmot, CFO and Director	2021	131,225	19,167	N/A	Nil	Nil	150,392
	2020	118,380	Nil	N/A	Nil	Nil	118,380
Art Freeze, Geologist and Director	2021	129,800	19,167	N/A	Nil	Nil	148,967
	2020	116,640	Nil	N/A	Nil	Nil	116,640
Rick Sayers, Director	2021	Nil	Nil	N/A	Nil	Nil	Nil
	2020	Nil	Nil	N/A	Nil	Nil	Nil
William H. (Harry) White, Director	2021	Nil	Nil	N/A	Nil	Nil	Nil
	2020	Nil	Nil	N/A	Nil	Nil	Nil

No director was compensated for his services as director during the years ended December 31, 2021, or 2020.

**INCENTIVE PLAN AWARDS**

**Stock Options and other Compensation Securities**

The following table discloses the particulars of all compensation securities granted or issued to each director and each Named Executive Officer during the year ended December 31, 2021. No compensation securities were repriced, cancelled, and replaced, extended, or otherwise materially modified in the year ending December 31, 2021. All Barsele Options granted to directors or Named Executive Officers vest immediately upon granting and are non-transferrable.

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
Gary Cope <sup>1</sup> CEO and Director	Stock Options	400,000 4.8%	Feb 3, 2021	\$0.65	\$0.63	\$0.53	Feb 3, 2026
Ross Wilmot <sup>2</sup> CFO and Director	Stock Options	300,000 3.6%	Feb 3, 2021	\$0.65	\$0.63	\$0.53	Feb 3, 2026
Art Freeze <sup>3</sup> Geologist and Director	Stock Options	300,000 3.6%	Feb 3, 2021	\$0.65	\$0.63	\$0.53	Feb 3, 2026
Rick Sayers <sup>4</sup> Director	Stock Options	100,000 1.2%	Feb 3, 2021	\$0.65	\$0.63	\$0.53	Feb 3, 2026
William H. (Harry) White <sup>5</sup> Director	Stock Options	100,000 1.2%	Feb 3, 2021	\$0.65	\$0.63	\$0.53	Feb 3, 2026

#### Exercise of Compensation Securities by Directors and Named Executive Officers

Exercise of Compensation Securities by Directors and NEOs							
Name and Position	Type of Compensation Security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing Price per security on date of Exercise (\$)	Difference between exercise price and closing price on date of Exercise (\$)	Total Value on Exercise Date (\$)
Rick Sayers, Director <sup>6</sup>	Stock Options	150,000	0.10	Jan 15, 2021	0.61	0.51	76,350
William H. (Harry) White, Director <sup>7</sup>	Stock Options	150,000	0.10	Jan 8, 2021	0.58	0.48	72,000

#### Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following, or in connection with retirement.

<sup>1</sup> Mr. Cope had a total of 1,600,000 Barsele Options as of December 31, 2021

<sup>2</sup> Mr. Wilmot had a total of 975,000 Barsele Options as of December 31, 2021

<sup>3</sup> Mr. Freeze had a total of 1,200,000 Barsele Options as of December 31, 2021

<sup>4</sup> Mr. Sayers had a total of 425,000 Barsele Options as of December 31, 2021

<sup>5</sup> Mr. White had a total of 425,000 Barsele Options as of December 31, 2021

<sup>6</sup> Mr. Sayers had a total of 425,000 Barsele Options as of December 31, 2021

<sup>7</sup> Mr. White had a total of 425,000 Barsele Options as of December 31, 2021

### TERMINATION AND CHANGE OF CONTROL BENEFITS

Under the terms of the Cope Agreement, the Wilmot Agreement and the Freeze Agreement (each as defined in the "Management Contracts" section below), in the event of death or as a result of termination due to disability of either Mr. Cope, Mr. Freeze, or Mr. Wilmot, as applicable, the Company will pay and provide the Cope Agreement, the Freeze Agreement, or the Wilmot Agreement, as applicable, any accrued consulting fees through to the date of termination and reimbursement for any unreimbursed expenses incurred through to the date of death or termination due to disability.

In the event of a Change of Control (as defined in the Cope, Freeze and Wilmot Agreements) where employment is terminated absent an Event of Default (as defined in the Cope Agreement, the Freeze Agreement and the Wilmot Agreement) in the 12-month period following the Change of Control, 683192 B.C. Ltd., Stillwater Enterprises Ltd. or Cedarwoods Group, as applicable, is entitled to receive a lump sum payable within 30 days of the date of termination as laid out in the table below. If the Company terminates the Cope Agreement, the Freeze Agreement, or the Wilmot Agreement other than for an Event of Default, 683192 B.C. Ltd., as applicable, maybe entitled to receive a lump sum payment of up to twenty-four months' consulting fee, and Stillwater Enterprises Ltd. or Cedarwoods Group, as applicable, may be entitled to receive a lump sum payment of up to twelve months' consulting fee.

The following table shows the estimated compensation that would have been payable assuming termination and/or Change of Control events occurred on December 31, 2021:

Name	Payment Upon Retirement, Death or Disability Termination <sup>8</sup>	Payment Upon Termination due to Change of Control Absent Event of Default <sup>9</sup>	Payment Upon Termination Other than a Change of Control or an Event of Default
Gary Cope	Nil	\$650,000	\$241,200
Ross Wilmot	Nil	\$275,000	\$80,065
Art Freeze	Nil	\$275,000	\$79,320

Other than as set out above, there are no compensatory plans or arrangements, with respect to any Named Executive Officer, resulting from the resignation, retirement, or any other termination of employment of the officer or from a change in control of the Company or a change of any Named Executive Officer's responsibilities following a Change of Control.

The only significant conditions of the Cope Agreement, the Freeze Agreement, and the Wilmot Agreement that apply to the receipt of payments or benefits is the enduring confidentiality clause regarding confidential information, as defined in each respective agreement, and the signing of a mutual release. The provision for breach of the applicable clause is subject to the laws of British Columbia and the laws of Canada applicable therein. There are no other significant factors.

### DIRECTOR COMPENSATION

As at the date of this Circular, the Company has five directors, two of whom are also Named Executive Officers. The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services as directors, for committee participation, or for involvement in special assignments during the most recently completed financial year except for the granting from time to time of incentive stock options in accordance with the policies of the TSXV. None of the Company's directors received any cash compensation for services provided in their capacity as directors during the Company's most recently completed financial year.

<sup>8</sup> This amount assumes no consulting fees accrued through to the date of termination and no expenses that have not been reimbursed.

<sup>9</sup> These amounts do not include GST.

### EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2021, regarding the number of Barsele Shares to be issued pursuant to the Stock Option Plan. The Company does not have any equity compensation plans that have not been approved by Barsele Shareholders.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	8,250,000	\$0.65	4,709,754
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	8,250,000	\$0.65	4,709,754

### INDEBTEDNESS TO COMPANY OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No person who is or at any time since the commencement of the Company's last completed financial year was a director, executive officer or senior officer of the Company, and no associate of any of the foregoing persons has been indebted to the Company at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person, other than amounts not exceeding \$50,000 for travel advances.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company, other than as disclosed in this Circular. An "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, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% 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, so long as it holds any of its securities.

## MANAGEMENT CONTRACTS

Management functions of the Company are substantially performed by directors or executive officers of the Company and not to any substantial degree by any other person with whom the Company has contracted, other than the following:

1. Pursuant to the consulting agreement between the Company and 683192 B.C. Ltd., a company wholly owned by Gary Cope, dated September 1, 2015, as amended January 1, 2017, December 1, 2020, and June 1, 2021 (the "**Cope Agreement**") 683192 B.C. Ltd. provides consulting services to the Company. 683192 B.C. Ltd. of Belcarra, BC is engaged in the business of the management of mineral exploration and development. Under the terms of the Cope Agreement, the Company paid to 683192 B.C. Ltd. a monthly consulting fee of \$26,800 plus applicable GST. The Company or 683192 B.C. Ltd. may terminate the Cope Agreement at any time in accordance with the terms and conditions of the Cope Agreement provided reasonable notice has first been provided to either the Company or 683192 B.C. Ltd., as applicable.
2. Pursuant to the consulting agreement between the Company and Cedarwoods Group, a company wholly owned by Ross Wilmot, dated September 1, 2015, as amended January 1, 2017, and June 1, 2021 (the "**Wilmot Agreement**"), Cedarwoods Group provides consulting services to the Company. Cedarwoods Group of Surrey, BC is engaged in the business of financial services. Under the terms of the Wilmot Agreement, the Company paid Cedarwoods Group a monthly consulting fee of \$11,700 plus applicable GST. Either of the Company or Cedarwoods Group may terminate the Wilmot Agreement at any time in accordance with the terms and conditions of the Wilmot Agreement provided reasonable notice has first been provided.
3. Pursuant to the consulting agreement between the Company and Stillwater Enterprises Ltd., a company wholly owned by Arthur Freeze, dated October 1, 2015, as amended April 1, 2016, January 1, 2017, and June 1, 2021 (the "**Freeze Agreement**"), Stillwater Enterprises Ltd. provides geological consulting services to the Company. Stillwater Enterprises Ltd., of Vancouver, BC is engaged in the business of geological consulting for mineral exploration and development. Under the terms of the Freeze Agreement the Company paid to Stillwater Enterprises Ltd. a monthly consulting fee of \$11,600 plus applicable GST. The Company or Stillwater Enterprises Ltd. may terminate the Freeze Agreement at any time in accordance with the terms and conditions of the Freeze Agreement provided reasonable notice has first been provided.
4. Pursuant to the shared services agreement between the Company and Belcarra Group Management Ltd. ("**Belcarra**") dated January 1, 2017 as amended January 1, 2021, a company wholly owned by a director of the Company, Belcarra provides management, administrative, office facilities, and other related services including the provision of personnel as may be required by the Company from time to time, with costs allocated on a shared and proportional basis with certain other companies that have also engaged Belcarra to provide these services, including an accountant and Corporate Secretary to the Company in exchange for a variable monthly fee which is calculated as 33.33% of the total costs incurred by Belcarra for the applicable month (the "**Belcarra Agreement**"). During the year ended December 31, 2021, Belcarra provided services to the Company, as well as to two other publicly traded companies, being Silver Viper Minerals Corp., and Orex Minerals Inc., and the cost of such services was allocated on a proportional basis among the three companies at 33.33% per company. Pursuant to the terms of the Belcarra Agreement, as amended January 1, 2021, the Company will pay Belcarra a fee of \$1,000,000 in the event of a Change of Control (as such term is defined in the Belcarra Agreement) of the Company. Such fee will be due and payable on the date of the Change of Control and will be in addition to any other fees due by the Company to Belcarra under the Belcarra Agreement.

## CORPORATE GOVERNANCE

The following is a summary of the Company's corporate governance disclosure required by Form 58-101F2 of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*.

## **Barsele Board**

The Barsele Board, at present, is composed of five directors, two of whom are executive officers of the Company and three of whom are considered to be "independent", as that term is defined in applicable securities legislation. Messrs. Arthur Freeze, Rick Sayers, and William H. (Harry) White are considered to be independent directors. Mr. Gary Cope, President and CEO, and Mr. Ross Wilmot, CFO, by reason of their respective offices, are not. In determining whether a director is independent, the Barsele Board chiefly considers whether the director has a relationship which could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management.

The Barsele Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Barsele Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Barsele 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 Barsele Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans, and annual operating plans.

## **Directorships**

Certain of the directors of the Company are also directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction as follows:

<b>Name of Director</b>	<b>Name of Other Reporting Issuer (or Equivalent in Foreign Jurisdiction)</b>
Gary Cope	Silver Viper Minerals Corp.
Ross Wilmot	Orex Minerals Inc., Silver Viper Minerals Corp., Burrell Resources Inc.
Arthur Freeze	Canasil Resources Inc.; Orex Minerals Inc., Silver Viper Minerals Corp., Norsemont Mining Inc.
William H. (Harry) White	Orex Minerals Inc.

## **Orientation and Continuing Education**

The Company has not yet developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Company by meeting with the other directors and with officers and employees. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Barsele Board.

## **Ethical Business Conduct**

The Barsele Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Barsele Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Barsele Board in which the director has an interest, have been sufficient to ensure that the Barsele Board operates independently of management and in the best interests of the Company. Every quarter, the members of the Barsele Board, as well as the Company's officers and senior management, each sign a confirmation acknowledging the Company's code of ethical conduct and the following policies implemented by the Company: (i) conflicts of interest; (ii) insider trading; and (iii) discrimination, harassment, and bullying.

### **Nomination of Directors**

The Barsele Board has not appointed a nominating committee because the Barsele Board fulfills these functions. The Barsele Board periodically reviews suggestions from existing directors regarding potential changes to the Barsele Board.

### **Compensation**

All compensation matters are dealt with by the Barsele Board upon recommendations by the Compensation Committee.

To determine compensation payable, the Compensation Committee reviews compensation paid to directors, CEOs, and CFOs of companies of similar size and stage of development. The Compensation Committee determines 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 CEO and CFO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

In terms of specific experience of the Compensation Committee relevant to the determination of executive compensation, Gary Cope has an extensive history as an executive in the junior resource industry; Rick Sayers has an accounting and management background; and William H. (Harry) White has extensive consulting and management experience.

The Company is a small junior resource company with limited financial resources. The compensation program for senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives including attracting and retaining qualified executives, motivating the short and long-term performance of the executives, and aligning the interests of the executives with those of the Barsele Shareholders.

The Compensation Committee may seek independent compensation advice where appropriate from external consultants in order to assist it in assessing executive remuneration levels and aligning directors and executive remuneration packages with comparable market compensation. The Compensation Committee has not yet engaged such external advice.

### **Committees of the Barsele Board**

The Barsele Board has appointed an Audit Committee, a Compensation Committee, and a Corporate Governance Committee, the members of which are as follows:

<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Corporate Governance Committee</b>
Gary Cope Rick Sayers* William (Harry) White*	Gary Cope Rick Sayers* William (Harry) White*	Gary Cope Rick Sayers* William (Harry) White*

\*Independent

A description of the function of the Audit Committee can be found in this Circular under "Audit Committee". A description of the function of the Compensation Committee can be found in this Circular under the section entitled "Executive Compensation - Compensation Discussion and Analysis".

The purpose of the Corporate Governance Committee is to assist the Barsele Board in fulfilling its oversight responsibilities with respect to corporate governance in general, and specifically to ensure that the requirements for the Barsele Board and its activities conform to the Company's Corporate Governance Committee Charter, a copy of which is attached to this Circular as Appendix C.

## Assessments

The Barsele Board has not, as yet, adopted formal procedures for assessing the effectiveness of the Barsele Board, its committees or individual directors, other than the reviews to be completed by the Compensation Committee from time to time. The relatively small size of the Company enables the Barsele Board to satisfy itself that individual directors are performing effectively. As the Company grows, the Barsele Board will consider adopting further formal procedures for evaluating director and committee performance.

## AUDIT COMMITTEE

As at the date of this Circular, the Audit Committee is composed of Gary Cope, Rick Sayers, and William H. (Harry) White. Each of Messrs. Sayers and White are independent and all of the members of the Audit Committee are "financially literate". Under this heading, the Company is including the disclosure required by Form 52-110F2 of NI 52-110. The text of the Audit Committee Charter is attached in Appendix A.

The Barsele Board and management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

## Relevant Education and Experience

Member	Independent/ Not Independent <sup>(1)</sup>	Financially Literate/ Not Financially Literate <sup>(1)</sup>	Relevant Education and Experience
Gary Cope	Not Independent	Financially Literate	Mr. Cope is currently the President and CEO and has served as President and CEO of multiple publicly listed companies on the TSXV.  He has served as a director for various private and public companies and has an understanding of the financial issues that affect exploration companies.
Rick Sayers	Independent	Financially Literate	CPA, CA (Chartered Professional Accountant)  Retired former VP Finance and Chief Financial Officer for Lordco Parts Ltd.
William H. (Harry) White	Independent	Financially Literate	MBA - Harvard Business School  President of H. White Consulting (transportation / logistics consulting)

<sup>(1)</sup> As defined in NI 52-110 *Audit Committees*

## Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Barsele 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 Part 8 of NI 52-110. Section 2.4 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 amount of fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 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.

Under s. 5 (b)(c) and (d) of Form 52-110F2, the Company has not relied on any of the following exemptions:

(b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*),

(c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*),

(d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*)

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

The Company has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

#### **External Auditor Service Fees (By Category)**

##### ***Audit Fees***

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2021, for audit and assurance and related services were approximately \$25,000 (2020 - \$25,000).

##### ***Audit-Related Fees***

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2021, for audit related services were Nil (2020 – Nil).

##### ***Tax Fees***

The aggregate fees billed for tax compliance, tax advice, and tax planning services by the Company's external auditor for the financial year ended December 31, 2021, were \$1,700 (2020 – \$1,700).

##### ***All Other Fees***

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2021, for review of unaudited interim financial statements, compilation of consolidated financial statements, and related services were Nil (2020 - Nil).

#### **Exemption**

The Company is relying on the exemption provided in Section 6.1 of NI 52-110 by virtue of the fact that it is a venture issuer. Section 6.1 exempts the Company from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2 *Disclosure by Venture Issuers* and disclosed in this Circular.

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

#### **Election of Directors**

Directors are elected for a term of one year. The term of office of each of the nominees proposed for election as a director will expire at the Meeting, and each of them, if elected, will serve until the close of the next annual general and special meeting, unless he resigns or otherwise vacates office before that time.

#### **Number of Directors**

Under the Company's articles, the number of directors may be fixed or changed from time to time by ordinary resolution but must not be fewer than three. There are currently five directors, and five nominees are proposed by management for election at the Meeting.

At the Meeting, Barsele Shareholders will be asked to pass an ordinary resolution setting the number of directors at five (5).

**Nominations and Voting**

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below, all of whom are presently members of the Barsele Board. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the list of nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the Barsele Shares represented by the proxy for the election of any other person or persons as directors.

The articles of the Company include rules regarding the requirement for advance notice for the nomination of directors (the "**Advance Notice Provisions**"). The purpose of the Advance Notice Provisions is to provide Barsele Shareholders, directors and management of the Company with direction on the procedure for shareholder nomination of directors. As the first public announcement of the Meeting was filed on the Company's SEDAR profile on April 26, 2022, the deadline for Barsele Shareholders to submit nominations for election to the Barsele Board at the Meeting has passed.

**Management Nominees**

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed nominees has been furnished by each of them as of the date of this Circular:

Name, Jurisdiction of Residence, and Present Office Held	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction Is Exercised	Principal Occupation During the Past Five Years
Gary Cope <sup>(*)</sup> President, CEO and Director BC, Canada	Feb 20, 2013	Direct: 2,724,500 Indirect: 16,389,300 <sup>10</sup>	Mining Executive, past President of Orko Silver Corp. (junior mining); and current President of the Company
N. Ross Wilmot Chief Financial Officer and Director BC, Canada	Feb 20, 2013	1,816,200	Financial Consultant - Cedarwoods Group (financial consulting); Chief Financial Officer of the Company; and past director and officer of several listed companies
William H. (Harry) White <sup>(*)</sup> Director BC, Canada	May 9, 2014	Direct: 350,000	President of H. White Consulting (transportation/logistics consulting); and director of the Company
Arthur Freeze Director BC, Canada	Feb 20, 2013	Direct: 1,156,500 Indirect: 890,000 <sup>11</sup>	Consulting Geologist of Stillwater Enterprises Ltd. (geology consulting); director of the Company; and director and officer of several listed companies
Rick Sayers <sup>(*)</sup> Director BC, Canada	Feb 20, 2013	Direct: 421,259 Indirect: 3,741 <sup>12</sup>	Director of the Company; and retired CFO of Lordco Parts Ltd. (automotive parts retail)

<sup>(\*)</sup> Denotes a member of the Audit Committee, Corporate Governance Committee, and Compensation Committee.

<sup>10</sup> These Barsele Shares are owned by 683192 B.C. Ltd., a private company wholly-owned by Gary Cope.

<sup>11</sup> 850,000 Barsele Shares are owned by Stillwater Enterprises Ltd., a private company wholly-owned by Arthur Freeze and 40,000 shares are owned by Freeze Family Holdings Ltd.

<sup>12</sup> These Barsele Shares are held in Rick Sayers' TFSA.

No proposed director is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was 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;
- (b) 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.

No proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets. No proposed director of the Company has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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.

No proposed director has been subject to any penalties or sanction 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 has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

#### **Appointment of Auditor**

Unless otherwise instructed, the proxies solicited by management will be voted for the appointment of Davidson & Company LLP, Chartered Professional Accountants, of 1200 – 609 Granville Street, Vancouver, British Columbia, as the Company's auditor to hold office until the next annual general and special meeting. We propose that the Barsele Board be authorized to fix the remuneration to be paid to the auditor. Davidson & Company LLP was first appointed the Company's auditor by the Barsele Board in February 2013.

The Company's Audit Committee recommends the appointment of Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as the Company's auditor to hold office until the Company's next annual general and special meeting.

#### **Approval of Incentive Stock Option Plan**

The only equity compensation plan which the Company currently has in place is the Stock Option Plan which was most recently approved by Barsele Shareholders on June 24, 2021.

The intention of management with the Stock Option Plan is to give Eligible Persons (defined below) the opportunity to participate in the success of the Company by granting them Barsele Options, thereby giving them an ongoing proprietary interest in the Company. The Stock Option Plan requires the approval of Barsele Shareholders each year in the annual general and special meeting of Barsele Shareholders in accordance with the TSXV Policy 4.4 – "*Security Based Compensation*".

The Stock Option Plan is a rolling plan, with the Company authorized to reserve a maximum of 10% of the issued and outstanding share capital at the time of the grant. As a result, any increase in the number of issued and outstanding Barsele Shares will result in an increase in the number of Barsele Shares available for issuance under the Stock Option Plan.

### ***Terms of the Stock Option Plan***

A full copy of the Stock Option Plan will be available at the Meeting for review by Barsele Shareholders. Barsele Shareholders may also obtain copies of the Stock Option Plan from the Company before the Meeting on written request. The following is a summary of the material terms of the Stock Option Plan.

**Number of Shares Reserved:** The number of Barsele Shares reserved for issuance under the Stock Option Plan will not exceed 10% of the number of Barsele Shares outstanding (on a non-diluted basis) at any given time.

**Administration:** The Stock Option Plan will be administered by the Barsele Board.

**Eligible Persons:** Barsele Options may only be issued to directors, senior officers, employees of Barsele or any of its subsidiaries; consultants engaged by Barsele or any of its subsidiaries at the time a Barsele Option is granted; or a company that is wholly-owned by any of the foregoing. Such persons and entities are referred to herein as "**Eligible Persons**".

**Barsele Board Discretion:** The number of Barsele Shares subject to each Barsele Option, the exercise price, the expiry time, the extent to which such Barsele Option is exercisable, and other terms and conditions relating to such Barsele Option will be determined by the Barsele Board.

**Maximum Term of Options:** Barsele Options granted under the Stock Option Plan will be for a term not exceeding five years from the date of grant.

**Maximum Options per Person:** The number of Barsele Shares reserved for issuance to any one Barsele Option holder pursuant to Barsele Options granted under the Stock Option Plan during any 12-month period may not exceed 5% (or, in the case of a consultant, 2%) of the issued and outstanding Barsele Shares at the time of grant. The number of Barsele Shares reserved for issuance to Barsele Option holders who are engaged in Investor Relations Activities is limited to an aggregate of 2% of the issued and outstanding Barsele Shares at the time of grant.

**Maximum Options to Insiders:** The number of Barsele Shares reserved for issuance to Insiders (as a group) pursuant to Barsele Options granted under the Stock Option Plan during any 12-month period may not exceed 10% of the of the issued and outstanding Barsele Shares at the time of grant of a Barsele Option to an Insider.

**No Assignment:** Stock options may not be assigned or transferred.

**Termination Before Expiry:** Generally, Barsele Options will expire and terminate on a date stipulated by the Barsele Board at the time of grant. If the employment of a Barsele Option holder who is an Eligible Person is terminated without cause, such Barsele Option holder's Barsele Options (vested or unvested) will terminate 90 days following notice of termination or on the expiry of such Barsele Options, whichever is earlier. If the employment of a Barsele Option holder who is an Eligible Person is terminated for cause, such Barsele Option holder's Barsele Options (vested or unvested) will terminate on the day of termination. If the employment of a Barsele Option holder who is engaged in Investor Relations Activities is terminated, such Barsele Option holder's Barsele Options (vested or unvested) will terminate 30 days following notice of termination or on the expiry of such Barsele Options, whichever is earlier. If a Barsele Option holder dies, the vested Barsele Options of the deceased Barsele Option holder will be exercisable by his/her estate for a period not exceeding 12 months following the date of the deceased Barsele Option holder's death or on the expiry of such vested Barsele Options, whichever is earlier. If a Barsele Option holder ceases to become an Eligible Person by virtue of disability, the Barsele Board may allow such Barsele Option holder to exercise any vested Barsele Options for a period not exceeding 12 months following the date such Barsele Option holder ceased to be an Eligible Person or on the expiry of such vested Barsele Options, whichever is earlier. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of a Barsele Option, such Barsele Option will, at the election of the Company, cease and terminate.

**Exercise Price:** Subject to any adjustments made pursuant to the Stock Option Plan, Barsele Options granted under the terms of the Stock Option Plan will be exercisable at a price that is not less than the market price of the Barsele Shares as of the date of grant, being the closing sale price of the Barsele Shares on the TSXV on the last day that Barsele Shares were traded before the date of grant.

Full Payment for Barsele Shares: Barsele will not issue Barsele Shares pursuant to Barsele Options granted under the Stock Option Plan unless and until those Barsele Shares have been fully paid for.

Reduction of Exercise Price: The exercise price of Barsele Options granted to insiders may not be decreased without disinterested shareholder approval.

Change of Control: If a Change of Control Event (as defined in the Stock Option Plan) occurs, then the Barsele Board may authorize and implement one or more of the following actions: (a) accelerate the vesting of any Barsele Options and any Barsele Options that are not exercised or surrendered by the effective time of the Change of Control Event will be deemed to be expired; (b) offer to acquire from each Barsele Option holder his or her Barsele Options for a cash payment equal to the In the Money Amount (as defined in the Stock Option Plan) and any Barsele Options that are not so surrendered by the effective time of the Change of Control Event will be deemed to be expired; and/or (c) deem that a Barsele Option granted under the Stock Option Plan be exchanged for an option to acquire, for the same exercise price, that number and type of securities as would be distributed to a holder of Barsele Options in respect of the Barsele Shares issued to Barsele Option holder had he or she exercised the Barsele Options before the effective time of the Change of Control Event, provided that any such replacement option must provide that it survives for a period of not less than one year from the effective time of the Change of Control Event, regardless of the continuing directorship, officership or employment of the Barsele Option holder.

Termination of Plan: The Stock Option Plan will terminate when it is terminated by Barsele. Any Barsele Options outstanding when the Stock Option Plan is terminated will remain in effect until they are exercised, or they expire.

At the Meeting, Barsele Shareholders will be asked to pass an ordinary resolution approving the Stock Option Plan in the following form:

"**BE IT RESOLVED**, as an ordinary resolution, that the Company's 10% rolling stock option plan is 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 common shares of the Company, subject to regulatory approval, all as more particularly described in the Company's information circular dated May 18, 2022."

#### **Approval of Amendments to the Stock Option Plan**

On May 20, 2022, the Barsele Board approved certain amendments (the "**Amendments**") to the Stock Option Plan to ensure the Stock Option Plan complies with the new Policy 4.4 – "*Security Based Compensation*" of the TSXV Corporate Finance Manual (the "**TSXV Manual**"). The Amendments, which are set out in full in the amended version of the Stock Option Plan attached hereto as Schedule "D", are as follows:

1. An update to the definition of "Consultant" (see section 2.8).
2. Added definitions for Issued Shares, Security Based Compensation and Security Based Compensation Plans (see sections 2.24, 2.31 and 2.32).
3. Deletion of a legacy provision with respect to a transaction from 2015 which is no longer applicable (see the old section 5.4).
4. Updated the drafting with respect to the limitations on the issuance of Barsele Options under the Stock Option to Insiders, Consultants and all Persons retained to provide Investor Relations Activities, which, for the avoidance of doubt, have not materially changed compared to the Stock Option Plan, to better align with the terms of the updated Policy 4.4 of the TSXV Manual. The updated drafting clarifies that certain of these limitations on issuance to any one Person or Insiders may not apply, provided the Corporation has obtained the requisite disinterested shareholder approval pursuant to section 5.3 of Policy 4.4 of the Exchange Manual and that the limitations on issuances to Insiders apply to all Security Based Compensation issued by the Corporation (see section 5.5.).

5. Added a provision that Persons retained to provide Investor Relations Activities to the Company may not receive any Security Based Compensation other than Barsele Options (see section 5.10).
6. Added a provision that any adjustment to a Barsele Option granted or issued under the Stock Option Plan (except in relation to a consolidation or stock split) is subject to prior approval of the TSXV (see section 8.3).
7. Added a provision that allows for the cash settlement of any additional Optioned Shares that an Optionee is entitled to receive on an exercise of Barsele Options in respect of a dividend, if the Company does not have sufficient Barsele Shares available under the plan to issue such additional Optioned Shares (see section 8.4).
8. Added a provision that the vesting terms of Barsele Options granted to persons retained to perform Investor Relation Activities may not be amended without the prior approval of the TSXV (see section 9.3).
9. Added a provision that disinterested shareholder approval is required in the case of an extension of the expiry date of a Barsele Option held by an Insider (see section 10.1).
10. Deleted a provision which allowed for certain transfers of Barsele Options between an Optionee that is a Company and the Eligible Person who wholly own such Company (see section 12.6).

The foregoing summary of the Amendments are qualified in their entirety by reference to the Amended Stock Option Plan (as defined below) attached hereto as Schedule "D". All defined terms used in this summary and not otherwise defined in this Circular shall have the meanings given to them in the Amended Stock Option Plan. All other terms of the Amended Stock Option Plan are the same as contained in the Stock Option Plan, a summary of which is included in the section entitled "Approval of Incentive Stock Option" above.

In accordance with the TSXV Manual, the Amendments are subject to the approval of the Barsele Shareholders. If the Amendments are approved by the Barsele Shareholders, the Stock Option Plan, as amended by the Amendments (the "**Amended Stock Option Plan**"), will supersede and replace the Stock Option Plan and Barsele Options granted under the Stock Option Plan will be deemed to have been granted under the Amended Stock Option Plan. In the event that Barsele Shareholders do not approve the Amendments at the Meeting, the Stock Option Plan (if such plan is approved by Barsele Shareholders at the Meeting) will remain in effect without the Amendments.

At the Meeting, Barsele Shareholders will be asked to pass an ordinary resolution approving the Amendments in the following form:

**"BE IT RESOLVED**, as an ordinary resolution, that the amendments to the Company's 10% rolling stock option plan to ensure compliance with the new Policy 4.4 – "Security Based Compensation" of the TSX Venture Exchange Corporate Finance Manual, all as more particularly described in the Company's information circular dated May 18, 2022, are hereby ratified, confirmed and approved."

#### **OTHER MATTERS**

Management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting and further described in this Circular. Should any other matters properly come before the Meeting, the Barsele Shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on its SEDAR profile at [www.sedar.com](http://www.sedar.com). Barsele Shareholders may contact the Company at 604-687-8566 to request that copies be sent to them by mail of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative annual financial statements and MD&A for its most recently completed financial year ended December 31, 2021, which are filed on SEDAR.

DATED this 18<sup>th</sup> day of May 2022.

**ON BEHALF OF THE BARSELE BOARD**

*"Gary Cope"*  
CEO, President and Director

## **APPENDIX A AUDIT COMMITTEE CHARTER**

The purpose of the Audit Committee (the "Committee") is to assist the Barsele Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to the shareholders and others; reviewing the systems of internal controls which management and the Barsele Board of Directors have established; appointing, retaining and overseeing the performance of independent accountants; and overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements. Details of the responsibilities are laid out in National Instrument 52-110 Audit Committees ("NI 52-110").

The Committee will fulfill these responsibilities by carrying out the activities defined below under "Duties and Responsibilities." The Committee shall be given full and direct access to the Barsele Board Chairman, Company executives, and independent accountants as necessary to carry out these responsibilities. However, the Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and condition, or the responsibilities of the independent accountants relating to the audit or review of financial statements.

### **COMPOSITION OF THE AUDIT COMMITTEE**

The Committee shall be comprised of at least three directors, each of whom will be independent to the extent possible and as regulated. No member of the Committee, to the extent possible, shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding year. Each appointed Committee member shall be subject to annual reconfirmation after the Annual General Meeting and may be removed by the Barsele Board of Directors at any time.

All members of the Committee shall be "financially literate" as defined in NI 52-110, meaning that they are able to read and understand fundamental financial statements, including a balance sheet, income statement of financial position and statements of operations and comprehensive loss, shareholders' equity and cash flow statements. At least one member of the Committee shall have been employed previously in finance or accounting, or possess current or former certification in accounting, or any other comparable experience or background, which would result in financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

### **DUTIES AND RESPONSIBILITIES**

To fulfill its duties and responsibilities, the Committee shall:

- a. Review annually the Audit Committee Charter for adequacy and recommend any changes to the Barsele Board of Directors.
- b. Review the significant accounting principles, policies and practices followed by the Company in accounting for and reporting its financial results of operations in accordance with International Financial Reporting Standards ("IFRS").
- c. Review the financial, investment and risk management policies followed by the Company in operating its business activities.
- d. Review the Company's annual audited financial statements, related disclosures, including the MD&A portion of the Company's filings, and discuss with the independent accountants the matters required to be discussed by auditing standards, including (a) the quality as well as acceptability of the accounting principles applied in the financial statements, and (b) new or changed accounting policies; significant estimates, judgments, uncertainties or unusual transactions; and accounting policies relating to significant financial statement items. Also review with Management the results of the Company's

review of Internal Controls over Financial Reporting for each quarter, and more generally its disclosure controls and procedures.

- e. Review any management letters or internal control reports prepared by the independent accountants or auditors and responses to prior management letters, and review with the independent accountants or auditors the Company's internal financial controls.
- f. Review the effectiveness of the independent audit effort, including approval of the scope of, and fees charged in connection with, the annual audit, quarterly reviews and any non-audit services being provided.
- g. Be directly responsible for the appointment, determination of the compensation for, retention and oversight of the work of the independent accountants employed to conduct the audit (including resolution of disagreements between the independent accountants and management regarding financial reporting) or other audit, review or attest services. The independent accountants shall report directly to the Audit Committee.
- h. Pre-approve all audit services and permissible non-audit services by the independent accountants. The Committee may establish pre-approval policies and procedures for the engagement of independent accountants to render services to the Company, including but not limited to policies that would allow the delegation of preapproval authority to one or more members of the Committee, provided that any preapprovals delegated to one or more members of the Committee are reported to the Committee at its next scheduled meeting.
- i. Review the hiring policies for any employees or former employees of the independent accountants.
- j. Obtain on an annual basis a formal written statement from the independent accountants delineating all relationships between the accountants and the Company, and review and discuss with the accountants any disclosed relationships or services the accountants have with the Company which may affect the accountants' independence and objectivity. The Committee is responsible for taking or recommending that the full Barsele Board of Directors take appropriate action to oversee the independence of the independent accountants.
- k. For each of the first three fiscal quarters and at year end, at a Committee meeting, review with management the financial results, any proposed earnings press release and any formal guidance which the Company may plan to offer.
- l. Review management's analysis of any significant accounting issues, changes, estimates, judgments or unusual items relating to the financial statements and the selection, application and effects of critical accounting policies applied by the Company (including an analysis of the effect of alternative methods permitted under IFRS) and review with the independent accountants the reports on such subjects delivered.
- m. Review the disclosure required in Form 52-110F2 to be included in the annual management information circular in connection with the Annual General Meeting.
- n. Following completion of the annual audit, review separately with the independent accountants and management any significant difficulties encountered during the course of the audit.
- o. Engage and determine funding for such independent professional advisers and counsel as the Committee determines are appropriate to carry out its functions hereunder. The Company shall provide appropriate funding to the Committee, as determined by the Committee, for payment of (1) compensation to the independent accountants for services approved by the Committee, (2) compensation to any outside advisers retained by the Committee, and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- p. Report to the Barsele Board of Directors at a subsequent Board meeting on the major events covered by the Committee and make recommendations to the Barsele Board of Directors and management concerning these matters.

- q. Perform any other activities consistent with this charter, the Company's Bylaws and governing law as the Committee or the Barsele Board of Directors deems necessary or appropriate, including but not limited to the Company's legal and regulatory compliance.
- r. Approve all related party transactions, as defined by regulation to which the Company is a party.
- s. Establish procedures for:
  - i. the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and
  - ii. the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

#### **AUDIT COMMITTEE MEETINGS**

The Committee will meet on a regular basis at least four times each year and will hold special meetings as circumstances require. The timing of the meetings to be scheduled for an upcoming fiscal year shall be determined by the Committee prior to the beginning of such fiscal year. A calendar of proposed meetings will be reviewed by the Committee at the same time as the annual Audit Committee Charter review. The calendar shall include appropriate meetings to be held separately with representatives of the independent accountants and management. In addition, the Committee will meet at any time that the independent accountants believe communication to the Committee is required.

At all Committee meetings a majority of the total number of members shall constitute a quorum. Minutes shall be taken at each meeting of the Committee and retained.

## **APPENDIX B COMPENSATION COMMITTEE CHARTER**

The Compensation Committee, (the "Committee") of Barsele Minerals Corp. under the direction of the Barsele Board of Directors, has overall responsibility for recommending levels of executive compensation in order to attract, hire, retain and motivate the Company's Chief Executive Officer, Chief Financial Officer, and other executive officers (collectively, the "Management") and certain key employees and non-executive officers below the vice-president level (collectively, the "Non-Management Officers") and for recommending compensation of directors. The Committee shall also have such other powers and duties as may be delegated to it by the Barsele Board of Directors from time to time.

The term "compensation" shall include contractual cash payments, cash, performance bonuses, stock options, contract termination arrangements, and any other compensatory rights or benefits, direct or indirect, as applicable.

### **COMPOSITION OF THE COMPENSATION COMMITTEE**

The Committee shall be comprised of a minimum of three (3) members, each of whom, to the extent possible, shall be "independent" directors, as defined in section 1.4 of NI 52-110. Upon resignation of a member of the Committee, the vacancy shall be filled by appointment by the Barsele Board of Directors as soon as practical.

### **DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Barsele Board of Directors, the Barsele Board of Directors hereby delegates to the Committee the following powers and duties to be performed by and on behalf of and for the Barsele Board of Directors.

The Committee shall:

- a) Review from time to time as required and recommend to the Barsele Board of Directors for approval as necessary the performance targets and corporate goals relevant to Management compensation and evaluate the performance of Management based on such goals.
- b) Review from time to time as required and recommend to the Barsele Board of Directors for approval the proposed appointment of any person to Management.
- c) Review from time to time as required and recommend to the Barsele Board of Directors for approval the compensation of Management, considering all relevant matters including the long-term and short-term goals of the Company, and the effectiveness of Management in achieving those goals, the skills, qualifications, and level of responsibility of Management, and compensation provided by comparative companies.
- d) Review as necessary from time to time and recommend to the Barsele Board of Directors for approval the compensation of Non-Management Officers, considering all relevant matters including the long-term and short-term goals of the Company and the effectiveness of such Non-Management Officers in achieving those goals, the skill, qualifications and level of responsibility of the Non-Management Officers, and compensation provided by comparative companies, provided that such determination shall be subject to any applicable Barsele Board of Directors policies.
- e) Administer the Company's stock option plan, and other compensatory plans adopted by the Company and review and recommend to the Barsele Board of Directors for approval all benefits to be granted under such plans to Management and Non-Management Officers as applicable, in accordance with any guidelines established by the Barsele Board of Directors.

- f) With the assistance of Management, monitor trends in compensation of directors and management, review and recommend to the Barsele Board of Directors for approval as necessary the Company's compensation policies and plans.
- g) Review and recommend to the Barsele Board of Directors for approval all of the Company's executive compensation disclosure, including compensation philosophy, before it is publicly disclosed.
- h) Review and recommend to the Barsele Board of Directors for approval all disclosure regarding the Company's stock option plans, and other compensatory plans adopted by the Company that are submitted for shareholder approval.
- i) Review from time to time as required and recommend to the Barsele Board of Directors for approval the compensation of directors who serve on the Barsele Board of Directors or its committees, considering all relevant matters including the goals of the Company, the effectiveness of the Barsele Board of Directors, each committee, and each director in achieving their mandates, time commitments of directors, compensation provided by companies comparable to the Company, and levels of responsibility.

The Committee shall have authority to engage outside consultants to review the Company's compensation program.

#### **COMPENSATION COMMITTEE MEETINGS**

The Committee will meet on a regular basis at least annually and will hold special meetings as circumstances require. The timing of the meetings to be scheduled for an upcoming fiscal year shall be determined by the Committee prior to the beginning of such fiscal year. A calendar of proposed meeting(s) will be reviewed by the Committee at the same time as the annual Governance review. In addition, the Committee will meet at any time that any Committee member believes is necessary. At all Committee meetings a majority of the total number of members shall constitute a quorum. Minutes shall be taken at each meeting and retained.

The Committee shall conduct a portion of each meeting without the presence of either Management or Non-Management Officers as the Committee deems necessary.

The Committee shall conduct an annual assessment of the Committee Charter for adequacy and recommend any changes to the Barsele Board of Directors.

## **APPENDIX C GOVERNANCE COMMITTEE CHARTER**

The purpose of the Governance Committee, (the “Committee”) is to assist the Board of Directors of Barsele Minerals Corp. in fulfilling its oversight responsibilities with respect to corporate governance in general, and specifically to ensure that the requirements for the Board of Directors and its activities conform to the Company’s corporate governance policy, as set out below, the requirements of the Business Corporations Act (British Columbia) and all relevant regulatory bodies.

The shareholders’ interest in the business and affairs of the Company are managed through its elected directors, chosen at the annual general and special meeting by shareholder vote. The Board of Directors has the designated responsibility to oversee all aspects of the Company’s operations on behalf of its shareholders, including the appointment of executives, the strategy and risk management, and the Company’s compliance with all legal and regulatory requirements, including those specified in National Instrument 58-201, Corporate Governance Principles (“NI 58-201”).

### **COMPOSITION OF THE GOVERNANCE COMMITTEE**

The Governance Committee shall be comprised of not less than three directors, all of whom, to the extent possible, are independent, as defined by the BC Business Corporations Act and applicable regulations. Each member of the Governance Committee shall be appointed annually, for a term not to exceed one year and ending at the annual general and special meeting of the Company. The Governance Committee may seek the counsel of outside experts, when necessary and reasonable, at the Company’s expense.

### **GOVERNANCE COMMITTEE MEETINGS**

The Governance Committee will meet at least once a year for the purposes of reviewing its mandate for the ensuing year, and to review the activities and effectiveness of the Board of Directors as these relate to the Board charter, to determine the selection of Board of Directors member nominees to stand for election for the ensuing year, to review all current and proposed company policies, and to deliberate on any other business which is properly brought before the committee at that time.

At all Governance Committee meetings, a majority of the total number of committee members shall constitute a quorum for the purposes of transacting business, and minutes of each meeting shall be taken and retained. Meetings may be held in person or by teleconference or any combination that the members of the Committee agree to.

An agenda, and materials in support of the items on the agenda, will be circulated at least two days in advance to the members of the Governance Committee. The Agenda will be determined by the Chairman, with input from the Committee members and the assistance of the Corporate Secretary.

**APPENDIX D  
STOCK OPTION PLAN**

See attached.

**BARSELE MINERALS CORP.**  
(the "**Company**")

**2022 STOCK OPTION PLAN**  
(May 2022)

**1. PURPOSE OF THIS PLAN**

- 1.1 The purpose of this Plan is to give to Eligible Persons the opportunity to participate in the success of the Corporation by granting to such individuals options to acquire common shares of the Corporation in accordance with the terms of this Plan, thereby giving such Eligible Persons an ongoing proprietary interest in the Corporation.

**2. DEFINED TERMS**

Where used herein, the following terms will have the following meanings:

- 2.1 "**Acquiring Person**" means, any Person who is the beneficial owner of twenty percent (20%) or more of the outstanding Shares of the Corporation.
- 2.2 "**BCSA**" means the *Securities Act* (British Columbia).
- 2.3 "**Blackout Period**" means a period of time during which the Optionee cannot exercise an Option, or sell the Shares issuable pursuant to an exercise of Options, due to applicable policies of the Corporation in respect of insider trading.
- 2.4 "**Board**" means the board of directors of the Corporation, or, if established and duly authorized to act with respect to this Plan, any committee of the board of directors of the Corporation.
- 2.5 "**Broker**" has the meaning given to it in Section 11.1.
- 2.6 "**Change of Control Event**" has the meaning given to it in Section 9.1.
- 2.7 "**Company**" means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
- 2.8 "**Consultant**" has the meaning given to it in Policy 4.4. of the Exchange Manual.
- 2.9 "**Corporation**" means Barsele Minerals Corp. and its successors.
- 2.10 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to permanently prevent the Optionee from:
- (a) being employed or engaged by the Corporation or its Subsidiaries in a position the same as or similar to that in which the Optionee was last employed or engaged by the Corporation or its Subsidiaries; or
  - (b) acting as a director or officer of the Corporation or its Subsidiaries.

- 2.11 "**Effective Time**" means, in relation to a Change of Control Event, the time at which the Change of Control Event is, or is deemed to have been, completed.
- 2.12 "**Eligible Person**" means a *bona fide*:
- (a) director, senior officer, or Employee of the Corporation or any of its Subsidiaries at the time an Option is granted;
  - (b) a Consultant engaged by the Corporation or any of its Subsidiaries at the time an Option is granted; or
  - (c) a Company that is wholly-owned by any of the foregoing.
- 2.13 "**Employee**" has the meaning given to it in the Exchange Manual.
- 2.14 "**Event of Termination**" has the meaning given to it in Section 6.2.
- 2.15 "**Exchange**" means the TSX Venture Exchange, or, if any time the Shares are not listed for trading on such exchange, any other stock exchange (including the Toronto Stock Exchange) on which the Shares are then listed and posted for trading from time to time as may be designated by the Board.
- 2.16 "**Exchange Manual**" means the Corporate Finance Manual of the Exchange.
- 2.17 "**Exchanged Share**" means a security that is exchanged for a Share in a Change of Control Event.
- 2.18 "**Exchanged Share Price**" means the product of the Share to Exchanged Share ratio multiplied by the five day volume weighted average price of the Exchanged Shares on an exchange for the period ending one day prior to the Effective Time of the Change of Control Event, or, in the case of Exchanged Shares that are not listed or quoted for trading, the fair value of those Exchanged Shares, as determined by the Board as of the day immediately preceding the Effective Time of the Change of Control Event.
- 2.19 "**Exercise Price**" means the price at which an Option may be exercised for an Optioned Share.
- 2.20 "**Expiry Time**" means, with respect to any Option, the close of business on the date upon which such Option expires.
- 2.21 "**In the Money Amount**" means: (a) in the case of a Change of Control Event in which the holders of Shares will receive only cash consideration, the difference between the Exercise Price and the cash consideration paid per Share pursuant to that Change of Control Event; (b) in the case of a Change of Control Event in which the holders of Shares will receive Exchanged Shares, the difference between the Exercise Price and the Exchanged Share Price; or (c) in the case of a Change of Control Event in which the holders of Shares will receive cash consideration and Exchanged Shares, the difference between the Exercise Price and the sum of the cash consideration paid per Share plus the Exchanged Share Price.
- 2.22 "**Insider**" has the meaning given to it in the Exchange Manual.
- 2.23 "**Investor Relations Activities**" has the meaning given to it in the Exchange Manual.
- 2.24 "**Issued Shares**" means that number of Shares issued and outstanding, on a non-diluted basis, at any point in time as confirmed by the transfer agent and registrar for the Shares
- 2.25 "**Market Price**" at any date in respect of the Shares means the closing sale price of the Shares on the Exchange on the last day when Shares were traded before the date an Option is granted.

- 2.26 **"Option"** means an option to purchase Shares granted to an Eligible Person under this Plan.
- 2.27 **"Option Price"** means the price per Share at which Optioned Shares may be purchased under an Option, as the same may be adjusted from time to time in accordance with Article 8.
- 2.28 **"Optioned Shares"** means the Shares issuable pursuant to an exercise of Options.
- 2.29 **"Optionee"** means an Eligible Person to whom an Option has been granted and who continues to hold such Option.
- 2.30 **"Person"** means any individual, firm, partnership, limited partnership, limited liability company or partnership, unlimited liability company, joint stock company, association, trust, trustee, executor, administrator, legal or personal representative, government, governmental body, entity or authority, group, body corporate, corporation, unincorporated organization or association, syndicate, joint venture or any other entity, whether or not having legal personality, and any of the foregoing in any derivative, representative or fiduciary capacity and pronouns have a similar extended meaning.
- 2.31 **"Plan"** means this amended and restated stock option plan of the Corporation, as the same may be amended from time to time.
- 2.32 **"Security Based Compensation"** has the meaning given to such term in Policy 4.4 of the Exchange Manual, and for the purposes of this Plan, includes the Options.
- 2.33 **"Security Based Compensation Plan"** has the meaning given to such term in Policy 4.4 of the Exchange Manual.
- 2.34 **"Shares"** means the Common shares of the Corporation.
- 2.35 **"Subsidiary"** means any corporation which is a subsidiary, as such term is defined in Subsection 1(1) of the BCSA.
- 2.36 **"Withholding Obligations"** has the meaning given to it in Section 11.1.

### 3. ADMINISTRATION OF THIS PLAN

- 3.1 This Plan will be administered by the Board.
- 3.2 The Board will have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan to:
- (a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of this Plan;
  - (b) interpret and construe this Plan and to determine all questions arising out of this Plan or any Option, and any such interpretation, construction or determination made by the Board will be final, binding and conclusive for all purposes;
  - (c) determine the number of Optioned Shares issuable on the exercise of each Option, the Option Price thereunder and the time or times when the Options will be granted, exercisable and expire;
  - (d) determine if the Optioned Shares which are issuable on the exercise of an Option will be subject to any restrictions upon the exercise of such Option;

- (e) prescribe the form of the instruments relating to the grant, exercise and other terms of Options; and
  - (f) determine, in accordance with Section 9.1, how to administer this Plan in connection with a Change of Control Event.
- 3.3 A member of the Board may be entitled to participate in this Plan only if such member does not participate in any manner whatsoever in the granting of any Options to, the terms and conditions of, or any other determinations made with respect to, such member of the Board or to such Option.
- 3.4 The Board may, in its discretion, require as conditions to the grant or exercise of any Option that the Optionee will have, among other things:
- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that such Optionee is acquiring and will acquire such Option and the Optioned Shares for such Optionee's own account, and not with a view to or in connection with any distribution or resale, that such Optionee has had access to such information as is necessary to enable such Optionee to evaluate the merits and risks of such investment and that such Optionee is able to bear the economic risk of investing in the Shares;
  - (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Shares making appropriate reference to such restrictions; and
  - (c) agreed to indemnify the Corporation in connection with the foregoing.

#### **4. SHARES SUBJECT TO THIS PLAN**

- 4.1 Subject to Article 8, the maximum number of Shares with respect to which Options may be granted from time to time pursuant to this Plan will not exceed 10% of the Issued Shares at the time of any grant of Options.
- 4.2 If any Option is exercised, terminated, cancelled or has expired without being fully exercised, any unissued Shares which have been reserved to be issued upon the exercise of the Option will become available to be issued upon the exercise of Options subsequently granted under this Plan.

#### **5. ELIGIBILITY, GRANT AND TERMS OF OPTIONS**

- 5.1 Options may be granted to any Eligible Person in accordance with Section 5.2.
- 5.2 Options may be granted by the Corporation pursuant to the recommendations of a committee of the Board from time to time provided and to the extent that such decisions are approved by the Board.
- 5.3 Subject to any adjustments pursuant to the provisions of Article 8, the Option Price of any Option will in no circumstances be lower than the Market Price. If, as and when any Shares have been duly purchased and paid for under the terms of an Option, such Optioned Shares will be conclusively deemed to be allotted and issued as fully paid and non-assessable Shares at the price paid therefor.
- 5.4 Subject to Section 5.9, the term of an Option will not exceed five years from the date of the grant of the Option.
- 5.5 The following limitations apply to grants of Options under this Plan:

- (a) the aggregate number of Options granted to any one Person (and companies owned or controlled by that Person) in a twelve month period must not exceed 5% of the Issued Shares, calculated on the date an Option is granted to the Person (unless the Company has obtained the requisite disinterested shareholder approval pursuant to section 5.3 of Policy 4.4 of the Exchange Manual);
- (b) the aggregate number of Options granted to any one Consultant in a twelve month period must not exceed 2% of the Issued Shares, calculated at the date an Option is granted to the Consultant;
- (c) the aggregate number of Options granted to all Persons retained to provide Investor Relations Activities in any twelve month period must not exceed 2% of the Issued Shares, calculated at the date an option is granted to any such Person;
- (d) the aggregate number of Shares which may be issued under all Security Based Compensation Plans granted or issued to Insiders as a group shall not exceed 10% of the Issued Shares on a non-diluted basis at any point in time (unless the Company has obtained the requisite disinterested shareholder approval pursuant to section 5.3 of Policy 4.4 of the Exchange Manual); and
- (e) the aggregate number of Shares that are issuable under all Security Based Compensation Plans granted or issued in any 12-month period to Insiders as a group shall not exceed 10% of the Issued Shares, calculated on the date an Option is granted to an Insider (unless the Company has obtained the requisite disinterested shareholder approval pursuant to section 5.3 of Policy 4.4 of the Exchange Manual).

5.6 With respect to any Options granted to an Employee or Consultant, the Corporation and the Optionee will represent and confirm that the Optionee is a bona fide Employee or Consultant, as applicable.

5.7

- (a) An Option will vest and may be exercised (in each case to the nearest full Share) in whole or in part at any time during the term of such Option after the date of the grant as determined by the resolution of the Board granting the Option; or
- (b) in the case of an Option issued to a Person retained to provide Investor Relations Activities, must vest in stages over a period of not less than 12 months with no more than  $\frac{1}{4}$  of such Option vesting in less than a three-month period within the first 12 months after such Option is issued.

5.8 No fractional Shares may be purchased or issued under this Plan.

5.9 Notwithstanding anything else contained in this Plan, and subject to the application provisions in the Exchange Manual, if an Option expires during a Blackout Period applicable to the relevant Optionee, then the expiration date for that Option will be the date that is the tenth business day after the expiry date of such Blackout Period. This section applies to all Options outstanding under this Plan.

5.10 Persons retained to provide Investor Relations Activities to the Corporation may not receive any Security Based Compensation other than Options.

## 6. TERMINATION OF EMPLOYMENT OR ENGAGEMENT WITH THE CORPORATION

6.1 Subject to Sections 6.2 and 6.3 hereof and to any express resolution passed by the Board with respect to an Option, an Option, vested or unvested, and all rights to purchase Optioned Shares pursuant thereto will expire and terminate immediately upon the Optionee ceasing to be an Eligible Person in any capacity and does not otherwise become an Eligible Person in another capacity within 10 business days, provided that:

- (a) in the case of termination of employment without cause, such Option and all rights to purchase Optioned Shares in respect thereof will expire and terminate:
    - (i) in the case of an Optionee who is an Eligible Person, 90 days following notice of termination of employment or on the Expiry Time, whichever is earlier; and
    - (ii) in the case of an Optionee who is engaged in Investor Relations Activities, 30 days following notice of termination to provide such Investor Relation Activities or on the Expiry Time, whichever is earlier; or
  - (b) in the case of termination for cause, such Option and all rights to purchase Optioned Shares in respect thereof will expire and terminate on the date of such termination will be cancelled as of that date or on the Expiry Time, whichever is earlier.
- 6.2 If, before the Expiry Time of an Option, an Optionee will cease to be an Eligible Person (an "**Event of Termination**") as a result of the Optionee's Disability, then the Board, at its discretion, may allow the Optionee to exercise any vested Options to the extent that the Optionee was entitled to do so at the time of such Event of Termination, at any time up to and including, but not after, a date 12 months following the date of such Event of Termination or on the Expiry Time, whichever is earlier.
- 6.3 If an Optionee dies before the Expiry Time of an Option, the Optionee's heirs, administrators or legal representative(s) may, subject to the terms of the Option and this Plan, exercise any vested Options to the extent that the Optionee was entitled to do so at the date of the Optionee's death at any time up to and including, but not after, a date 12 months following the date of the Optionee's death or on the Expiry Time, whichever is earlier.
- 6.4 For greater certainty, an Option will not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director, senior officer or employee of the Corporation or any of its Subsidiaries provided that the Optionee continues to be an Eligible Person.
- 6.5 If the Optionee is a Company that is wholly-owned by an Eligible Person, the references to the Optionee in this Article 6 will be deemed to refer to the Eligible Person associated with such Company.
- 6.6 Notwithstanding anything contained in this Article 6, the Board may when granting an Option to a Consultant impose specific rules respecting the cessation of participation of such Consultant, which rules may vary from, and will supersede, those contained in this Article 6.

## 7. EXERCISE OF OPTIONS

- 7.1 Subject to the provisions of this Plan, an Option may be exercised from time to time by delivery to the Corporation at its principal office in Vancouver, British Columbia of a written notice of exercise (substantially in the form attached hereto as Schedule "B") specifying the number of Optioned Shares with respect to which the Option is being exercised and accompanied by payment in full, by cash or cheque, of the Option Price of the Shares then being purchased and, if required by the Corporation, the amount necessary to satisfy any applicable Withholding Obligations. The Optioned Shares so purchased will be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment. The transfer and delivery of any Optioned Shares issued upon exercise of any Option will be affected according to the procedures established by the transfer agent of the Corporation for the transfer and delivery of the Shares.

- 7.2 Notwithstanding any of the provisions contained in this Plan or in any Option, the Corporation's obligation to issue Shares to an Optionee pursuant to the exercise of any Option will be subject to:
- (a) completion of such registration or other qualification of such Shares or obtaining approval of such governmental or regulatory authority as the Corporation will determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
  - (b) the admission of such Shares to listing on the Exchange;
  - (c) the receipt from the Optionee of such representations, warranties, agreements and undertakings, as the Corporation or its counsel determines to be necessary or advisable; and
  - (d) the satisfaction of any conditions on exercise, including those prescribed under Section 3.4.
- 7.3 No member of the Board will be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of this Plan or any Options granted under it.
- 7.4 Options will be evidenced by a share option agreement, instrument or certificate in such form not inconsistent with this Plan as the Board may from time to time determine as provided for under Subsection 3.2(e) (substantially in the form attached as Schedule "A").

## 8. CERTAIN ADJUSTMENTS

- 8.1 In the event of any reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other corporate change involving a change to the Shares at any time after the grant of any Option to any Optionee and prior to the expiration of the term of such Option, such Optionee will receive at the time of any subsequent exercise of his or her Option in accordance with the terms hereof, in lieu of the number of Optioned Shares to which the Optionee was entitled upon such exercise, but for the same aggregate consideration therefor, such number of Optioned Shares as such Optionee would have held as a result of such change if on the record date thereof the Optionee had been the registered holder of the number of Optioned Shares to which the Optionee was previously entitled upon such exercise.
- 8.2 If the Corporation declares and pays a special cash dividend or other distribution out of the ordinary course, a special dividend in specie on the Shares, or a stock dividend other than in the ordinary course, the Option Price of all Options outstanding on the record date of such dividend or other distribution will be reduced by an amount equal to the cash payment or other distribution or the fair market value of the dividend in specie or stock dividend or other distribution, as determined by the Board in its sole discretion but subject to all necessary regulatory approvals.
- 8.3 Notwithstanding any other provision of this Plan, any adjustment to an Option granted or issued under this Plan (except in relation to a consolidation or stock split) is subject to the prior approval of the Exchange.
- 8.4 Notwithstanding any other provision of this Plan, if an Optionee is entitled to receive additional Optioned Shares on an exercise of Options as a result of a stock dividend and the Corporation does not have sufficient Shares available under this Plan to issue such additional Optioned Shares, such additional Optioned Shares so due on an exercise of Options shall not be issued by the Corporation and the stock dividends must instead be settled in cash on the same terms and in the same manner as the stock dividends so issued by the Corporation.

## 9. CHANGE OF CONTROL EVENT

- 9.1 If at any time when an Option granted under this Plan remains unexercised with respect to any Shares and:

- (a) a Person makes an offer to acquire Shares that, regardless of whether the acquisition is completed, would make the Person an Acquiring Person;
- (b) an Acquiring Person makes an offer, regardless of whether the acquisition is completed, to acquire Shares;
- (c) the Corporation proposes to sell all or substantially all of its assets and undertaking;
- (d) the Corporation proposes to merge, amalgamate or be absorbed by or into any other corporation (save and except for a Subsidiary) under any circumstances which involve or may involve or require the liquidation of the Corporation, a distribution of its assets among its shareholders, or the termination of the corporate existence of the Corporation;
- (e) the Corporation proposes an arrangement as a result of which a majority of the outstanding Shares of the Corporation would be acquired by a third party; or
- (f) any other form of transaction is proposed which the majority of the Board determines is reasonably likely to have similar effect any of the foregoing,

(each a "**Change of Control Event**"),

- (g) then, in connection with of any of the foregoing Change of Control Events, the Board in its sole discretion, may authorize and implement one or more of the following courses of action:
  - (i) accelerate the vesting of the Option and the time for the fulfillment of any conditions or restrictions on such vesting to a date or time prior to the Effective Time of the Change of Control Event, and any Options not exercised or surrendered by the Effective Time of the Change of Control Event will be deemed to have expired;
  - (ii) offer to acquire from each Optionee his or her Options for a cash payment equal to the In the Money Amount, and any Options not so surrendered or exercised by the Effective Time of the Change of Control Event will be deemed to have expired; and
  - (iii) that an Option granted under this Plan be exchanged for an option to acquire, for the same exercise price, that number and type of securities as would be distributed to the Optionee in respect of the Shares issued to the Optionee had the Optionee exercised the Option prior to the Effective Time of the Change of Control Event, provided that any such replacement option must provide that it survives for a period of not less than one year from the Effective Time of the Change of Control Event, regardless of the continuing directorship, officership or employment of the holder.

9.2 For greater certainty, and notwithstanding anything else to the contrary contained in this Plan, the Board will have the power, in its discretion, in any Change of Control Event which may or has occurred, to make such arrangements as it will deem appropriate for the exercise of outstanding Options including, without limitation, to modify the terms of this Plan and/or the Options, subject to the prior written approval of the Exchange. If the Board exercises such power after having received such approval from the Exchange, the Options will be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Board prior to or in conjunction with completion of the Change of Control Event.

9.3 Notwithstanding any other provision of this Plan, the vesting terms of Options granted to Persons retained to perform Investor Relation Activities may not be amended without the prior approval of the Exchange.

## 10. AMENDMENT OR DISCONTINUANCE OF THIS PLAN

- 10.1 The Board may suspend or terminate this Plan at any time, or from time to time amend the terms of this Plan or of any Option granted under this Plan and any stock option agreement relating thereto, provided that any such suspension, termination or amendment:
- (a) complies with applicable law and the requirements of the Exchange, including applicable requirements relating to requisite shareholder approval and prior approval of the Exchange or any other relevant regulatory body;
  - (b) is, in the case of an amendment that materially adversely affects the rights of any Optionee, made with consent of such Optionee;
  - (c) is, in the case of any reduction in the Option Price of Options held by Optionees that are Insiders at the time of the proposed reduction, subject to approval by disinterested shareholders of the Corporation in accordance with the Exchange Manual; and
  - (d) is, in the case of the extension of the Expiry Date of an Option held by Optionee that is an Insider at the time of the proposed extension, subject to approval by disinterested shareholders of the Corporation in accordance with the Exchange Manual.
- 10.2 If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of this Plan, the Board will remain able to make such amendments to this Plan or the Options as they would have been entitled to make if this Plan were still in effect.
- 10.3 No amendment, suspension or discontinuance of this Plan may contravene the requirements of the Exchange or any securities commission or regulatory body to which this Plan or the Corporation is now or may hereafter be subject.

## 11. WITHHOLDING OBLIGATIONS

- 11.1 The Corporation may withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amounts as are required by law to be withheld or deducted as a consequence of the Optionee's exercise of Options or other participation in this Plan ("**Withholding Obligations**"). The Corporation will have the right, in its discretion, to satisfy any Withholding Obligations by:
- (a) selling or causing to be sold, on behalf of any Optionee, such number of Shares issued to the Optionee on the exercise of Options as is sufficient to fund the Withholding Obligations;
  - (b) retaining the amount necessary to satisfy the Withholding Obligations from any amount which would otherwise be delivered, provided or paid to the Optionee by the Corporation, whether under this Plan or otherwise;
  - (c) requiring the Optionee, as a condition of exercise under Article 3 to:
    - (i) remit the amount of any such Withholding Obligations to the Corporation in advance;
    - (ii) reimburse the Corporation for any such Withholding Obligations; or

- (iii) cause a broker who sells Shares acquired by the Optionee on behalf of the Optionee to withhold from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligations and to remit such amount directly to the Corporation; and
- (d) making such other arrangements as the Corporation may reasonably require.

The sale of Shares by the Corporation, or by a broker engaged by the Corporation (the "**Broker**"), under this Section 11.1 will be made on the Exchange. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to affect the sale of such Shares on the Optionee's behalf and acknowledges and agrees that:

- (i) the number of Shares sold will, at a minimum, be sufficient to fund Withholding Obligations net of all selling costs, which costs are the responsibility of the Optionee and which the Optionee hereby authorizes to be deducted from the proceeds of such sale;
- (ii) in effecting the sale of any such shares, the Corporation or the Broker will exercise its sole judgement as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; and
- (iii) neither the Corporation nor the Broker will be liable for any loss arising out of any sale of such Shares including any loss relating to the pricing, manner or timing of such sales or any delay in transferring any Shares to an Optionee or otherwise. The Optionee further acknowledges that the sale price of Shares will fluctuate with the market price of the Corporation's Shares and no assurance can be given that any particular price will be received upon any sale.

11.2 For greater certainty, no action may be taken by the Corporation or any other Person pursuant to Section 11.1 that would result in:

- (a) an alteration of the Exercise Price of the Options at issue; or
- (b) a cashless exercise of the Options at issue,

and any action taken by the Corporation or any other Person pursuant to Section 11.1 must be in compliance with the Exchange Manual.

## 12. MISCELLANEOUS PROVISIONS

12.1 This Plan applies to all Options granted under this Plan after this Plan is approved by shareholders of the Corporation and the Exchange.

12.2 The operation of this Plan and the issuance and exercise of all Options and Optioned Shares contemplated by this Plan are subject to compliance with all applicable laws, and all rules and requirements of the Exchange. For greater certainty, disinterested shareholder approval of the shareholders of the Corporation will be obtained in connection with any matter regarding this Plan where required by the Exchange Manual.

12.3 As a condition of participating in this Plan, each Optionee agrees to comply with all applicable laws and the policies and requirements of the Exchange, and to fully cooperate with the Corporation in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance with such laws, rules and requirements, including all Withholding Obligations.

- 12.4 Participation in this Plan is voluntary and does not constitute a condition of employment or continued employment or service. An Optionee will not have any rights as a shareholder of the Corporation with respect to any of the Optioned Shares underlying any Option until the date of issuance of a certificate for Shares upon the exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment will be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.
- 12.5 Nothing in this Plan or any Option will confer upon an Optionee any right to continue or be re-elected as a director of the Corporation or any right to continue in the employ or engagement of the Corporation or any Subsidiary, or affect in any way the right of the Corporation or any Subsidiary to terminate the Optionee's employment or engagement at any time; nor will anything in this Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment or engagement of any Optionee beyond the time which the Optionee would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary or any present or future retirement policy of the Corporation or any Subsidiary, or beyond the time at which the Optionee would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.
- 12.6 An Option will be personal to the Optionee and will be non-assignable and non-transferable (whether by operation of law or otherwise), except as provided for herein. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of an Option contrary to the provisions of this Plan, or upon the levy of any attachment or similar process upon an Option, the Option will, at the election of the Corporation, cease and terminate and be of no further force or effect whatsoever.
- 12.7 This Plan (including any amendment to this Plan), the terms of the issue or grant of any Option under this Plan, the grant and exercise of Options hereunder, and the Corporation's obligation to sell and deliver Optioned Shares upon the exercise of Options, will be subject to all applicable law and the requirements of the Exchange, and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be necessary or advisable. The Corporation will not be obliged by any provision of this Plan or the grant of any Option hereunder to issue or sell Shares in violation of such laws, rules and regulations or any condition of such approvals.
- 12.8 This Plan and all matters to which reference is made herein will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

**SCHEDULE A**

**BARSELE MINERALS CORP.  
STOCK OPTION AGREEMENT**

OPTION AGREEMENT made as of \_\_\_\_\_ 202\_\_.

BETWEEN:

**BARSELE MINERALS CORP.**, a corporation incorporated under the laws of the Province of British Columbia,  
  
(hereinafter called the "**Corporation**")

- and -

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

(hereinafter called the "**Optionee**")

WHEREAS the Corporation has established the amended and restated stock option plan (the "**Plan**") for Eligible Persons.

AND WHEREAS the Optionee is an "Eligible Person" under this Plan and the board of directors of the Corporation (the "**Board**") has authorized the granting by the Corporation of an option to the Optionee pursuant to and in accordance with the provisions of this Plan on the terms hereinafter set forth.

NOW THEREFORE THE CORPORATION AND THE OPTIONEE AGREE AS FOLLOWS:

1. The Corporation hereby grants to the Optionee, subject to the terms and conditions set forth in this Agreement and this Plan, options ("**Options**") to purchase that number of common shares ("**Shares**") of the Corporation set forth below, at the exercise price(s) set forth below, which Options will vest and be exercisable as of the vesting date(s) set forth below and expire (to the extent not previously exercised) as of the close of business on the expiry date(s) set forth below:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Vesting Date</b>	<b>Expiry Date</b>
•	\$•	•	•
•	\$•	•	•
•	\$•	•	•

2. As of the close of business on the expiry date(s) set forth in Section 1 above, any Options that remain unexercised will expire and be of no further force or effect.
3. The Optionee acknowledges receipt of a copy of this Plan and hereby agrees that the Options are subject to the terms and conditions of this Plan, including all amendments to this Plan required by the Exchange or other regulatory authority or otherwise consented to by the Optionee. This Plan contains provisions permitting the termination of this Plan and outstanding Options.
4. By signing this Agreement, the Optionee acknowledges and agrees that:
  - (a) the Optionee has read and understands this Plan and has been advised to seek independent legal advice with respect to his rights in respect of the Options and agrees to the terms and conditions thereof and of this Stock Option Agreement;
  - (b) in addition to any resale restrictions under applicable securities laws, all Options and Optioned Shares may be legended with a hold period as required by the Exchange or other regulatory authority;
  - (c) the Optionee has not been induced to participate in this Plan by expectation of appointment, employment, or service or continued appointment, employment or service; and
  - (d) if the Optionee is a Company that is wholly-owned by an Eligible Person, it agrees not to effect or permit any transfer of ownership or option of shares of the Company nor to issue further shares of any class in the Company to any other individual or entity as long as any Options granted to the Optionee remain outstanding, except with the written consent of the Exchange.
5. The Optionee acknowledges and agrees that the Board may, in its discretion, require as conditions to the grant or exercise of any Option that the Optionee will have, among other things:
  - (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that such Optionee is acquiring and will acquire such Option and the Optioned Shares for such Optionee's own account, and not with a view to or in connection with any distribution or resale, that such Optionee has had access to such information as is necessary to enable such Optionee to evaluate the merits and risks of such investment and that such Optionee is able to bear the economic risk of investing in the Shares;
  - (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Shares making appropriate reference to such restrictions; and
  - (c) agreed to indemnify the Corporation in connection with the foregoing.
6. The Optionee represents and warrants that, if the Optionee or any Company (as defined in this Plan) that is wholly-owned by the Optionee is being granted Options on the basis of such Optionee being an Employee or a Consultant of the Corporation (as such terms are defined in this Plan), the Optionee is a *bona fide* Employee or Consultant, as applicable.

7. Time is of the essence of this Agreement.
8. This Agreement will enure to the benefit of and be binding upon the Corporation, its successors and assigns. Other than as provided for in this Plan, the Options under this option agreement are not transferable or assignable by the Optionee.
9. In the event of any inconsistency between the terms of this Agreement and the terms of this Plan, the terms of this Plan will govern.
10. The grant of the Options is strictly confidential and the information concerning the number or price of Optioned Shares granted under this Plan should not be disclosed to anyone.
11. This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and will be treated in all respects as a British Columbia contract.

**BARSELE MINERALS CORP.**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Optionee

**SCHEDULE B**

**BARSELE MINERALS CORP.  
NOTICE OF EXERCISE OF STOCK OPTIONS**

To Barsele Minerals Corp.

This letter constitutes an unconditional and irrevocable notice that I hereby exercise (certain of) the stock options granted to me by Barsele Minerals Corp. (the "**Company**") on \_\_\_\_\_, 202\_\_\_\_ (date).

Pursuant to the terms of such option(s), I wish to purchase \_\_\_\_\_ (number) shares of the common stock covered by such option(s) at the exercise price(s) of \$\_\_\_\_\_ per share. Enclosed is a wire transfer, cheque, or bank draft for the total of \$\_\_\_\_\_ payable to Barsele Minerals Corp. in full payment of the exercise price.

Please send payment with this form to: Suite 300 - 1055 W Hastings St, Vancouver, BC V6E 2E9 Attn: Corporate Secretary.

**These shares should be registered in the name below and delivered by mail or courier as follows:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I also confirm my understanding that the grant of the options to me is subject to all provisions, including the non-transferability and transfer restrictions, set forth in the Company's Amended and Restated Stock Option Plan.

Signed on date: \_\_\_\_\_, 202\_\_\_\_

\_\_\_\_\_  
Printed Name of Optionee

\_\_\_\_\_  
Signature of Optionee



**BARSELE MINERALS CORP.**

**FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**DECEMBER 31, 2021**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Barsele Minerals Corp.

### *Opinion*

We have audited the accompanying financial statements of Barsele Minerals Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the financial statements, which indicates that the Company has incurred a loss of \$3,142,732 for the year ended December 31, 2021 and accumulated losses of \$14,956,294 as of December 31, 2021. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 22, 2022

**BARSELE MINERALS CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
As at

	December 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 284,202	\$ 168,238
Receivables	68,831	47,817
Prepaid expenses	42,693	22,707
	<u>395,726</u>	<u>238,762</u>
<b>Equity investment - exploration and evaluation assets (Note 4)</b>	<u>1</u>	<u>1</u>
	<u>\$ 395,727</u>	<u>\$ 238,763</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 8)	\$ <u>35,302</u>	\$ <u>58,646</u>
<b>Shareholders' equity</b>		
Share capital (Note 5)	8,874,338	6,599,632
Reserves (Note 5)	6,442,381	5,394,047
Deficit	<u>(14,956,294)</u>	<u>(11,813,562)</u>
	<u>360,425</u>	<u>180,117</u>
	<u>\$ 395,727</u>	<u>\$ 238,763</u>
<b>Nature and continuance of operations (Note 1)</b>		
<b>Subsequent event (Note 5, 12)</b>		

Approved and authorized by the board on April 22, 2022

<u>/s/ Gary Cope</u> Gary Cope	Director	<u>/s/ Rick Sayers</u> Rick Sayers	Director
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The accompanying notes are an integral part of these financial statements.

**BARSELE MINERALS CORP.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
<b>EXPLORATION EXPENSES</b>		
General exploration (Notes 4, 8)	\$ 243,527	\$ 254,863
<b>GENERAL EXPENSES</b>		
Consulting (Note 8)	31,250	80,500
Foreign exchange (gain) loss	4,736	570
Investor relations (Note 8)	507,338	139,757
Management fees (Note 8)	463,742	253,255
Office and administrative (Note 8)	339,206	276,373
Professional fees	266,826	72,144
Share-based payments (Note 5, 8)	1,203,969	-
Transfer agent and filing fees	82,138	45,566
	<u>2,899,205</u>	<u>868,165</u>
Loss before interest income	(3,142,732)	(1,123,028)
Interest income	<u>-</u>	<u>5,858</u>
<b>Loss and comprehensive loss for the year</b>	<b>\$ (3,142,732)</b>	<b>\$ (1,117,170)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>129,215,175</b>	<b>124,995,699</b>

The accompanying notes are an integral part of these financial statements.

**BARSELE MINERALS CORP.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)

	Common Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
<b>Balance, December 31, 2019</b>	122,920,699	\$ 6,130,527	\$ 5,655,652	\$ (10,696,392)	\$ 1,089,787
Options exercised	2,075,000	469,105	(261,605)	-	207,500
Loss and comprehensive loss	-	-	-	(1,117,170)	(1,117,170)
<b>Balance, December 31, 2020</b>	124,995,699	6,599,632	5,394,047	(11,813,562)	180,117
Options exercised	1,425,000	341,135	(155,635)	-	185,500
Issuance of common shares	3,176,845	2,064,949	-	-	2,064,949
Share issuance costs	-	(131,378)	-	-	(131,378)
Share-based payments	-	-	1,203,969	-	1,203,969
Loss and comprehensive loss	-	-	-	(3,142,732)	(3,142,732)
<b>Balance, December 31, 2021</b>	129,597,544	\$ 8,874,338	\$ 6,442,381	\$ (14,956,294)	\$ 360,425

The accompanying notes are an integral part of these financial statements.

**BARSELE MINERALS CORP.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (3,142,732)	\$ (1,117,170)
Items not affecting cash:		
Share-based payments	1,203,969	-
Changes in non-cash working capital items:		
Receivables	(21,014)	(8,501)
Prepaid expenses	(19,986)	15,392
Accounts payable and accrued liabilities	(23,344)	24,555
Cash used in operating activities	<u>(2,003,107)</u>	<u>(1,085,724)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Private placement, gross proceeds	2,064,949	-
Share issuance costs	(131,378)	-
Proceeds from options exercised	185,500	207,500
Cash provided by financing activity	<u>2,119,071</u>	<u>207,500</u>
<b>Change in cash during the year</b>	115,964	(878,224)
<b>Cash, beginning of year</b>	<u>168,238</u>	<u>1,046,462</u>
<b>Cash, end of year</b>	<u>\$ 284,202</u>	<u>\$ 168,238</u>

**Supplemental disclosure with respect to cash flows (Note 7)**

The accompanying notes are an integral part of these financial statements.

**BARSELE MINERALS CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Expressed in Canadian Dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Barsele Minerals Corp. (the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on February 20, 2013. The Company’s principal business activities include the acquisition and exploration of mineral properties in Sweden.

The head office of the Company is located at Suite 300- 1055 West Hastings Street, Vancouver, BC, Canada, V6C 2E9. The registered address and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada, V6C 2X8.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has limited financial resources and no source of operating cash flow. While the Company has been successful in obtaining certain funding in 2020 and 2021, there is no assurance that such future financing will be available or be available on favourable terms. The Company had incurred a loss of \$3,142,732 for the year ended December 31, 2021 and accumulated losses of \$14,956,294 as of December 31, 2021. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economics, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

**2. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis, except financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**Critical accounting estimates**

The preparation of these financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- a) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders’ equity. The share-based payments expense is estimated using the Black-Scholes option pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company’s common shares, the expected life of the options, and an estimated forfeiture rate.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Exploration and evaluation assets**

The Company is currently in the exploration stage with its mineral interest. Exploration and evaluation costs include the costs of acquiring concessions, and the fair value, upon acquisition, of mineral properties acquired in a business combination. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale.

#### **Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets not considered a financial asset may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### **Investment in associate**

Associated companies over which the Company has significant influence are accounted for using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received. The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated.

Objective evidence of impairment of equity investment includes:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
- National or local economic conditions that correlate with defaults of the associated companies.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

**Financial instruments**

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

a) Classification and measurement of financial assets and liabilities

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets depends on the purpose for which the financial assets were acquired. The Company's financial assets consist primarily of cash classified as FVTPL, and receivables classified at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

**Fair value through profit or loss:** This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

**Amortized cost:** This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

b) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets are measured at amortized cost and subject to the ECL model.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Foreign exchange**

The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

**Share-based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options granted to directors, officers, employees and consultants is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as an expense, with a corresponding increase in reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital. When the stock options are exercised, the corresponding amount is transferred to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

**Loss per share**

The Company recognizes the dilutive effect on income or loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

**Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred taxes. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes (cont'd...)**

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less, or for leases of low value. The payments for such leases are recognized in the statement of loss and comprehensive loss on a straight-line basis over the lease term. For the year ended December 31, 2021, rent expense included in office and administration of \$76,400 (2020 - \$73,200) has been incurred.

**4. EQUITY INVESTMENT - EXPLORATION AND EVALUATION ASSETS**

On September 25, 2015, a 45% interest in the Barsele Project which includes Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV") was transferred from Orex Minerals Inc. ("Orex") to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited ("Agnico"). As part of the joint venture agreement, Agnico committed to spend US \$7 million on Project expenditures over three years and can earn an additional 15% interest in the corporate entity, which owns the Barsele Project, if it completes a pre-feasibility study.

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**4. EQUITY INVESTMENT - EXPLORATION AND EVALUATION ASSETS (cont'd...)**

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has earned its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

	December 31, 2021		December 31, 2020	
Current assets	\$	510,051	\$	504,125
Non-current assets		6,853,586		7,606,943
Current liabilities		3,127,266		6,715,590
Loss for the year		2,575,001		4,354,659
The Company's ownership %		45%		45%
The Company's share of loss for the year	\$	Nil	\$	Nil

As at December 31, 2021 and 2020, the Company's investment in Barsele JV was \$1. The Company's unrecognized share of the loss for the year ended December 31, 2021 was approximately \$1,158,751 (2020 - \$1,959,597). The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company's judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Exploration expenses reported for the year ended December 31, 2021 of \$243,527 (2020 - \$254,863) were incurred to meet the Company's reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

On March 12, 2021, the Company announced that it had executed a non-binding letter of intent ("LOI") with Agnico to acquire Agnico's indirect 55% interest in the Barsele Project (the "Proposed Transaction"). The Proposed transaction is subject to corporate and regulatory approvals including approval from the TSX Venture Exchange.

The LOI provides that the Company and Agnico will negotiate and enter into a definitive purchase and sale agreement containing customary terms and conditions for a transaction of its nature, whereby the Company will acquire Agnico's 55% indirect interest in Gunnarn Mining AB. The purchase price payable by the Company to Agnico will consist of the following:

- a) a cash payment of US\$45,000,000 (the "Cash Amount"), with the option, at the Company's election, to settle a portion of the Cash Amount through a vendor-take-back note
- b) the issuance of common shares of the Company such that Agnico will hold 14.9% of the Company's common shares upon the closing of the Proposed Transaction (the "Consideration Shares")
- c) the issuance of warrants exercisable into 6,000,000 common shares of the Company (the "Warrants"). Each Warrant will have a five-year term and will entitle Agnico to purchase one common share of the Company at an exercise price equal to the greater of:
  - i. \$1.25
  - ii. a 20% premium to the twenty-day volume weighted average price of the Company's common shares immediately prior to the date of issuance of the Warrant, and
  - iii. in the event that the Company issues convertible debt in connection with its financing of the Cash Amount, the conversion price of such convertible debt.
- d) a 2% net smelter return royalty on all minerals produced from the Barsele Project (the "NSR"); and
- e) a contingent value right with respect to future gold mineral reserves and mineral resources identified at the Barsele Project

On November 1, 2021, the Company announced the termination of the LOI.

## **5. SHARE CAPITAL AND RESERVES**

### **Authorized**

Unlimited number of common shares without par value.

### **Issued**

The Company completed a private placement on February 1, 2021 and raised gross proceeds of \$2,064,949 through the sale of 3,176,845 common shares of the Company at a price of \$0.65 per common share. In connection with the issuance, cash finders' fees of \$118,947 and \$12,431 of regulatory, and filing fees were paid.

### **Stock options and warrants**

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the Board of Directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted.

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

On February 3, 2021, the Company granted 2,575,000 incentive stock options to directors, officers and consultants. The incentive stock options have an exercise price of \$0.65 per share, expire five years from the date of grant and vest immediately.

On May 28, 2021, the Company granted 300,000 incentive stock options to directors, officers and consultants. The incentive stock options have an exercise price of \$0.76 per share, expire five years from the date of grant and vest immediately.

No stock options were granted during the year ended December 31, 2020.

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**5. SHARE CAPITAL AND RESERVES (cont'd...)**

**Stock options and warrants (cont'd...)**

Stock option transactions are summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Outstanding, December 31, 2019	12,025,000	\$	0.48
Exercised	(2,075,000)		0.10
Forfeited	(1,600,000)		0.73
Outstanding, December 31, 2020	8,350,000		0.62
Exercised	(1,425,000)		0.13
Expired	(1,300,000)		1.00
Forfeited	(250,000)		0.81
Granted	2,875,000		0.66
Outstanding, December 31, 2021	8,250,000	\$	0.65
Exercisable, December 31, 2021	8,250,000	\$	0.65

The following stock options to acquire common shares of the Company were outstanding at December 31, 2021:

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>			
	1,050,000	0.90	May 3, 2022*
	2,475,000	0.63	July 13, 2023*
	1,850,000	0.53	December 19, 2024*
	2,575,000	0.65	February 3, 2026*
	300,000	0.76	May 28, 2026
	8,250,000		

\*Subsequent to December 31, 2021, 150,000 options were forfeited.

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**5. SHARE CAPITAL AND RESERVES (cont'd...)**

**Stock options and warrants (cont'd...)**

During the year ended December 31, 2021, the Company granted 2,875,000 (2020 - Nil) options to directors, officers and consultants of the Company. During the year ended December 31, 2021, the weighted average fair value of each option granted and vesting was \$0.42 (2020 - \$Nil). The following weighted average assumptions were used for the valuation of stock options:

	2021	2020
Expected option life	5 years	N/A
Risk-free interest rate	0.51%	N/A
Expected dividend yield	0%	N/A
Expected stock price volatility	83.78%	N/A

The share-based payments expense for stock options, vesting during the year ended December 31, 2021 was \$1,203,969 (2020 - \$Nil).

During the years ended December 31, 2021 and 2020, the Company did not issue warrants and as at December 31, 2021 and 2020, there were no warrants outstanding.

**6. CAPITAL MANAGEMENT**

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the year.

**7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Non-cash transactions during the year ended December 31, 2021 included options exercised with a fair value of \$155,635 (2020 - \$261,605).

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**8. RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2021, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

		Year ended December 31, 2021		Year ended December 31, 2020
Management fees	\$	463,742	\$	253,255
Share-based payments		286,657		-
<b>Total</b>	<b>\$</b>	<b>750,399</b>	<b>\$</b>	<b>253,255</b>

Other related party transactions are as follows:

		Year ended December 31, 2021		Year ended December 31, 2020
Investor relations*	\$	63,816	\$	64,264
Office and administration*		304,305		250,918
Consulting*		10,500		-
Geological consulting fees (general exploration)		217,360		164,863
Share-based payments		204,755		-
<b>Total</b>	<b>\$</b>	<b>800,736</b>	<b>\$</b>	<b>480,045</b>

\*Fees paid to a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as at December 31, 2021 is \$400 (2020 - \$Nil) due to directors or officers or companies controlled by directors.

## **9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### **Fair value of financial instruments**

The Company has various financial instruments including cash, receivables and accounts payable and accrued liabilities. Cash is carried at fair value using a level 1 fair value measurement. The carrying values of receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of the financial instruments.

### **Concentrations of business risk**

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

### **Credit risk**

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax, which are recoverable from the governing body in Canada.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk. The Company manages liquidity risk through the management of its capital structure.

### **Foreign exchange risk**

The Company is not subject to significant foreign exchange risk.

### **Interest rate risk**

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

### **Price risk**

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

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**10. SEGMENTED INFORMATION**

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	December 31, 2021	December 31, 2020
Exploration and evaluation assets		
Sweden	\$ 1	\$ 1

**11. INCOME TAXES**

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Basic statutory and provincial income tax rate	27%	27%
Loss for the year	\$ (3,142,732)	\$ (1,117,170)
Expected tax expense (recovery)	\$ (849,000)	\$ (302,000)
Permanent difference	326,000	-
Share issue costs	(35,000)	-
Adjustment to prior years provision versus statutory tax returns	-	2,000
Change in unrecognized deductible temporary differences	558,000	300,000
Deferred tax expense (recovery)	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	December 31, 2021	Expiry Date Range	December 31, 2020	Expiry
Share issue costs	\$ 105,000	2045	\$ -	
Non-capital losses available for future periods	7,491,000	2035 - 2041	5,528,000	2035 - 2040

Tax attributes are subject to review and potential adjustment by tax authorities.

**12. SUBSEQUENT EVENT**

The Company closed a two-tranche private placement consisting of 1,375,000 units at a price of \$0.50 per unit for gross proceeds of \$687,500. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one share at a price of \$0.75 per share, with 852,000 expiring on January 25, 2024, and 550,000 expiring on February 18, 2024.

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**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Dated: April 22, 2022

Management’s Responsibility for Financial Reporting:

The accompanying financial report for the year ended December 31, 2021 has been prepared by management using accounting policies consistent with International Financial Reporting Standards (“IFRS”). Other information contained in this document has also been prepared by management and is consistent with the data contained in the annual financial report.

The Company’s certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the financial report and MD&A (together the “filings”) do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the financial report together with the other financial information included in the filings and ensures that management has discharged its financial responsibilities. The Board’s review is accomplished principally through the Audit Committee, which meets periodically to review all corporate filings prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company’s plans and operations included in the “Description of Business” with respect to management’s planned exploration and other activities, and in “Liquidity”, and “Corporate Summary” regarding management’s estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company’s common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economics, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

Description of Business:

BARSELE, SWEDEN:

The Company is engaged primarily in the acquisition, exploration, and evaluation of mineral properties.

The Barsele Property is located 40 km southeast of the town of Storuman in Västerbottens Län, a regional district of northern Sweden approximately 600 km due north of Stockholm. Exploration in the project area has been ongoing for more than 30 years. From 1985 to 2010, a total of 398 diamond drill holes (43,609 metres) have been drilled and in 2006, Northland Resources S.A. (“Northland”) completed a National Instrument 43-101 technical report which contained resource estimates of both indicated and inferred resources and was filed on SEDAR by Northland on April 13, 2006.

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Description of Business (cont'd...):

BARSELE, SWEDEN (cont'd...):

On October 27, 2010, the Company's predecessor company, Orex Minerals Inc. ("Orex") announced the acquisition of the Barsele Project from Northland.

The Central-Avan-Skiråsen (CAS) Zone at Barsele is an orogenic gold deposit, which contains most of the documented gold in the 2006 resource report with a grade similar to other gold deposits in the area. In the CAS Zone, gold mineralization is predominantly within a granodiorite that has been deformed, sheared, and intruded by late-stage quartz veins and ranges in width from 200 to 500 metres, with a strike-extent more than eight kilometres. The Central and Skiråsen Zones have a combined strike length of 1,350 metres and a width of 250 metres. The Avan Zone has a strike length of 1,400 metres and a width varying from 200 to 500 metres. Base metal content of this deposit is typically low.

The Norra Zone, a small, massive sulphide deposit, contains the balance of the gold reported in the 2006 resource report although the overall grade for this deposit is higher than at the CAS Zone. In the Norra Zone, sulphide mineralization is exposed in two open trenches in the centre of the drilled zone. Based on drilling, the footprint of the main mineralized body at Norra is 300 metres in strike-length and 50 metres in width.

In May 2011, Orex initiated a 2,500 line-kilometre airborne geophysical survey of the Barsele Property, performed by SkyTEM Surveys ApS ("SkyTEM") of Denmark. SkyTEM used a helicopter-borne Time-Domain Electromagnetic (TDEM) System which had a transmitter moment of 500,000 NIA to maximize the depth of penetration. The airborne survey yielded high resolution maps of the apparent resistivity/conductivity, total magnetic field, and vertical magnetic derivatives. Following interpretation of the airborne results, in July 2011, Orex reported that there were a significant number of new anomalous targets outside of the known mineralized zones.

In August 2011, Orex engaged Finland-based SuomenMalmiOy ("SMOY") and LeBel Geophysics to conduct ground follow-up surveys. The majority of the new anomalous targets lie outside of the known mineralized zones. Initially 12 gold targets and 25 VMS targets were outlined as warranting follow-up by way of geological examination, and ground magnetic and induced polarization (IP) and electromagnetic (EM) surveying. SMOY carried out IP surveying, toward detection of the disseminated-style of mineralization associated with the Central, Avan and Skiråsen Zones at Barsele, wherein, gold mineralization is associated with non-magnetic dioritic intrusive rocks, indicated by magnetic lows. A total of 30 line kilometres was completed in four areas.

In addition, nine VMS targets were surveyed by LeBel Geophysics, utilizing a very low frequency (VLF) EM method, which has proven efficient and successful in characterizing the airborne EM VMS targets. A total of 30 line-kilometres was completed. Preliminary analysis of the VLF-EM surveying suggests an extension of the Norra base/precious metal deposit and shows other VMS targets with favourable geophysical signatures with respect to VMS-style mineralization. Examination of government archives revealed a historic high-grade float boulder discovered within the property grading 33 g/t gold and 7% zinc, which is believed to be associated with one of the anomalies located up-ice within the claims.

After completing the initial phase of ground geophysics, in November 2011, Orex commenced diamond drilling to test both the strike extensions and depth potential of the deposits outlined to date. ProtekNorr AB of Skellefteå, Sweden, was retained to conduct a 6,200 metre diamond drill program. In this first phase of drilling, 16 holes were completed; 12 in the Central Zone and 4 in the Avan Zone. The assay results from the Central Zone expanded the boundaries of the known mineralization, both laterally and vertically.

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In fiscal 2013, Orex reached an alternative payment arrangement with Barsele Guld with regards to its outstanding deferred consideration obligations. The amended payment terms were as follows:

- (a) Upon receipt of TSX Venture Exchange approval, US\$250,000 in cash and 4,000,000 common shares of Orex.
- (b) On or before December 31, 2013, US\$1,750,000 in cash.

Finally, on October 21, 2013, the terms were altered in that the deferred consideration valued at \$3,974,406 was settled. The value of \$3,974,406 was an increase of \$150,374 from April 30, 2013 due to interest expense of \$64,833 and foreign exchange of \$85,541. The balance was settled with the issuance of 7,500,000 shares of Orex valued at \$1,912,500, and cash of \$257,615 (USD 250,000). As a result, Orex recorded a gain on settlement of deferred consideration in the amount of \$1,804,291. Closure of this amended agreement, giving Orex 100% ownership of the Barsele Project, was announced in a news release dated October 21, 2013.

Total drilling at the end of October 2015 on the Barsele Project equaled 49,809 metres in 414 drill holes.

On February 23, 2015, Orex announced a Letter of Intent for a joint venture on the Barsele Project with Agnico Eagle Mines Ltd. ("Agnico Eagle"). On August 6, 2015, Orex announced an arrangement agreement to spin out its interest in the Barsele Project to a wholly-owned subsidiary Barsele Minerals Corp. ("the Company"). Completion of the spin out was announced on September 25, 2015. Orex retains a two percent (2%) net smelter royalty on the Barsele project.

On September 25, 2015, the Company was transferred from Orex, a 45% interest in the Barsele Project which include Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV"). The project is now a joint venture transaction with Agnico Eagle Mines Limited with respect to the Company's Barsele Project. As part of the joint venture agreement, Agnico Eagle has committed to spend US \$7 million on Project expenditures over three years and will earn an additional 15% interest in the corporate entity, which owns the Project, if it completes a pre-feasibility study.

On October 28, 2015, the Company announced that an exploration program for the Barsele Project had been approved by Agnico Eagle and the Company, with Agnico Eagle serving as operator, under the guidance of a joint venture technical committee. The 2015 exploration budget totals approximately US\$ 3.25 million and commenced immediately upon announcement.

Diamond drilling around the existing resource areas, plus along down-plunge extensions was planned for approximately 12,300 metres utilizing four drilling rigs. Additional trenching, structural mapping, till sampling, hyperspectral imaging, plus metallurgical and environmental studies are also underway.

Progress updates on the Barsele Project exploration were distributed on February 29, 2016, April 13, 2016, and May 4, 2016. (Barsele Minerals Corp. news releases). Since October 2015, Agnico Eagle has drilled a total of 25 holes in the Barsele Central and Skiråsen Zones for 13,264 metres as per Agnico Eagle update summary drafted April 29, 2016. On February 29, 2016, the Company announced an intercept in the Skiråsen Zone, hole CNT15016, of 112 metres core length (estimated 84 metres true thickness) grading 2.01 g/t gold. This hole is located 650 metres southeast of the Central Zone. A highlight of the April 13<sup>th</sup>, 2016 news release is an intercept in the Skiråsen Zone, SKI-15001, of 61 metres core length (estimated 45.75 metres true thickness grading 1.61 g/t gold).

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A highlight from the May 4, 2016 news release was a recognition that the Central and Skiråsen gold zones are connected. The combined Central-Skiråsen Zone has a strike length of approximately 1,400 metres and extends from surface to a depth of at least 540 metres, ranging in width from 10 to 150 metres. Mineralization remains open at depth and along strike.

A highlight from the July 14, 2016 news release was a drill intercept from hole SKI-16006 of 69.8 meters grading 1.31 g/t gold, including 25.7 meters grading 2.17 g/t gold from the Skiråsen Zone. This intercept extends the known Skiråsen mineralization by approximately 200 meters down plunge from the 78.8 m intercept in hole SKI-16005.

A highlight from the August 2, 2016 news release was a drill intercept from hole SKI-16007 of 33.0 meters grading 4.08 g/t gold uncut (1.87 g/t gold cut). Drilling in the first half of 2016 totals 8,807 meters and a cumulative total of 17,192 meters has been drilled since the beginning of the joint venture in October 2015.

Highlights from the September 12, 2016 news release relates to drilling along the Avan Zone, where drill hole AVA16-005 intersected 6.0 meters grading 16.20 g/t gold and 26.00 meters grading 2.22 g/t gold and drill hole AVA16-007 intersected 33.40 meters grading 1.68 g/t gold and 8.00 meters grading 3.23 g/t gold.

Highlight results from the October 27, 2016 news release included the extension of the Central Zone 175 meters northwest toward the Avan Zone, where drill hole CNT16-001 intersected 27.00 meters grading 1.80 g/t gold and CNT16-002 intersected 134 meters core length grading 1.11 g/t gold, including 39.00 meters grading 2.41 g/t gold. It was also announced that Agnico Eagle Mines Ltd., increased their Barsele 2016 exploration budget by \$US2.5 million dollars. Planned drill meterage has increased from 19,000 to 36,000 meters.

Highlight results from the November 23, 2016 news release was the confirmation that joint venture partner Agnico Eagle Mines Ltd. had fulfilled its expenditure commitment of \$US7 Million dollars, ahead of the June 11, 2018 deadline.

Highlight result from the December 14, 2016 news release was the result of expansion drilling extending the Central Zone mineralization 345 meters WNW towards the Avan Zone, with hole CNT 16011 yielding 23.0 meters grading 7.90 g/t gold at 559 meters depth.

Highlight results from the January 17, 2017 news release were conversion hole SKI16010 adding continuity to the Skiråsen Zone with 6.0 meters grading 33.46 g/t gold, plus 178.0 meters grading 1.68 g/t gold, plus expansion hole CNT16017 yielding 31.0 meters grading 2.65 g/t gold.

On February 21, 2017, the Company provided a news release with the announcement that Agnico Eagle has prepared an updated mineral resource estimate for Barsele.

On February 27, 2017, the Company announced that they had retained AMEC Foster Wheeler for a resource review.

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Highlight results from the March 6, 2017 news release was the result that validation hole AVA16024 extends Avan mineralization 375 meters NW of the known Avan Zone, plus conversion hole SKI16015 yielded 31.0 meters grading 2.29 g/t gold and conversion hole CNT 16032 yielded 92.0 meters grading 1.63 g/t gold.

The highlight result from the April 4, 2017 news release was infill hole SKI17003 yielding 8 gold intercepts, including 4.0 meters grading 60.18 g/t gold and extending Skiråsen mineralization to 595 meters' depth.

The highlight result from the May 9, 2017 news release was expansion hole SKI16002 yielding 13.0 meters grading 2.15 g/t gold and extending Skiråsen mineralization an added 100 meters to 695 meters' depth, with the gold mineralized system remaining open down plunge to the southeast.

The highlight result from the June 21, 2017 news release was expansion hole CNT17006 that yielded 25.0 meters grading 5.34 g/t gold outlining 100 meters of potential extension to a high-grade intersection first encountered in hole CNT16011.

The highlight result from the September 19, 2017 news release was infill hole CNT17012 that yielded 19.75 meters grading 5.07 g/t gold, indicating continuity along the 100-meter gap between the Central and Skiråsen zones.

Highlights from the October 19, 2017 news release, include the result of metallurgical testing that yielded approximately 92 percent gold recovery, plus drilling at Risberget, 3.7 kilometres to the east-southeast of Skiråsen, that yielded four significant gold hits, with a best result of 15.3 meters grading 1.87 g/t gold.

Highlights from the November 21, 2017 news release include positive results from both gold and massive sulphide targets with, expansion hole CNT17020 yielding 21.0 meters grading 2.96 g/t gold. A regional surface till sampling program was carried out during the summer months. This work has resulted in a broad area with anomalous precious and base metal responses in the northern third of the property, several kilometers to the north of existing drilling. As the Barsele Project was originally discovered using till sampling, these results are considered significant.

Highlights from the January 3, 2018 news release include holes from the Risberget area including RIS17007 that yielded 32.0 meters grading 2.92 g/t gold and RIS17005 that yielded 1.0-meter grading 248.0 g/t gold. At the Norra VMS target area hole NOR17007 yielded 9.5 meters grading 1.40 g/t gold, 10.54 g/t silver, 1.61% zinc. In the Central gold zone, drill hole CNT17028 yielded the deepest gold intersection to date, with 12.0 meters grading 3.61 g/t gold at a midpoint depth of 875 meters below surface. During the month of November 2017, four diamond drilling machines were operational within the property. Three infill drill holes and ten regional exploration drill holes were completed during the month, with three drill holes ongoing at month's end. Twelve holes are reported in this news release of which two are expansion and six are infill, and two are VMS related tests at Norra and two are regional tests at Risberget.

Highlights from the January 18, 2018 news release include a hit from hole SKI17009 from the Skiråsen Zone, that yielded 95.0 meters grading 1.63 g/t gold, including 30.0 meters grading 2.10 g/t gold. At Avan, hole AVA17034 has extended two gold lodes by 150 meters with a highlight hit of 12.0 meters grading 2.37 g/t gold. Recent drilling has expanded the Risberget gold potential zone from 250 meters to 1,300 meters.

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On March 27, 2018 the Company news release provided an update for December 2017 and January 2018 operations on the Property, including 23 holes of diamond drilling results. Drilling by two machines during January completed 1,555.9 metres total. At the Skiråsen Zone, highlight results include hole SKI17015 which cut seven mineralized zones with highlight hits of 11.0 metres core length (estimated 6.0 metres true thickness) grading 4.18 g/t gold at a midpoint depth of 520 metres below surface plus 22.0 metres core length (estimated 12.0 metres true thickness) grading 1.88 g/t gold at a midpoint depth of 565 metres below surface and 4.0 metres core length (estimated 2.2 metres true thickness) grading 3.96 g/t gold at a midpoint depth of 615 metres below surface.

On April 12, 2018, the Company filed on SEDAR an updated mineral resource estimate report entitled "NI 43-101 Technical Report and Mineral Resource Estimate on the Barsele Property" with an effective date of February 15, 2018 for the Avan-Central-Skiråsen gold zones at Barsele, with 15,279,000 tonnes at 2.91 g/t gold, containing 1,427,000 Inferred ounces and 2,399,000 tonnes at 2.50 g/t gold containing 193,000 Indicated ounces (all at a 1.75 g/t gold cut-off grade). Carl Pelletier, P. Geo., B.Sc., of InnovExplo Inc., of Val d'Or, Quebec takes responsibility as Qualified Person for this mineral resource estimate.

On April 16, 2018 the Company news release contained information regarding the February 2018 drilling and results, which included two diamond drilling machines operating on the Property, for a total of 2,598.9 metres drilled. At the Skiråsen Zone, highlight results include hole SKI17016 which intersected gold mineralization that averaged 2.43 g/t gold uncut (1.86 g/t gold cut) along a core length of 176.0 metres (333.00 metres to 509.00 metres downhole). As project operator, Agnico Eagle has developed a community relations program to engage the various stakeholders in the Barsele Project area. Basic environmental assessment and surface water characterization, species studies and hydrogeology studies are ongoing.

On July 5, 2018, the Company announced an operational update for March through May 2018. Four drills became operational on April 10, 2018. As of the end of May 2018, 18,252 meters of core has been collected from 43 drill holes since drilling resumed in early January 2018. Highlight hits, include Avan drill hole AVA18003, that intersected 9.0 metres core length grading 35.72 g/t gold uncut (5.58 g/t gold cut) at a midpoint depth of 200 metres below surface. AVA18001 cut four gold zones with a best hit of 17.4 metres core length grading 2.54 g/t gold and NOR18007 along the Stentjärnen trend, parallel to Avan-Central- Skiråsen zones, cut 3.2 metres grading 2.97 g/t gold.

On August 13, 2018 the Company announced drill results for the month of June, that include drill hole SKI18003B from the Skiråsen Zone that yielded an intercept of 27.0 metres grading 4.12 g/t gold, while SKI18002 cut six gold zones with a best hit of 9.0 metres grading 3.76 g/t gold and SKI18003 cut 2.0 metres grading 29.17 g/t gold. At the Avan Zone, hole AVA18006 cut 24 metres grading 3.76 g/t gold. At the Central Zone, hole CNT18006 cut 3.0 metres grading 11.12 g/t gold. From January through June 2018, total meterage drilled equalled 21,717 metres from 50 completed core holes.

On September 20, 2018 the Company announced drill results for the month of July, that include expansion drill hole SKI18004 at the Skiråsen Zone that intersected nine mineralized intervals including 26.55 metres grading 2.43 g/t gold, plus 5.0 metres grading 4.0 g/t gold, plus 14.0 metres grading 4.97 g/t gold, while SKI18005 cut 5.0 metres grading 3.35 g/t gold. At the Central Zone, expansion hole CNT18005 cut 5.0 metres grading 4.71 g/t gold, while CNT18007B cut nine mineralized intervals, including 11.0 metres grading 2.30 g/t gold. From January 2018 through July 2018, total meterage drilled equalled 23,127 metres from 53 completed core holes.

On November 14, 2018, the Company announced drill results for the month of August, that include expansion drill hole SKI18007 at the Skiråsen Zone that intersected five mineralized intervals, including a best intercept of 15.0 metres grading 3.74 g/t gold. At the Central Zone, infill drill hole CNT18009, cut 57.0 metres grading 1.60 g/t gold and infill drill hole CNT18008 intersected 58.1 metres grading 1.37 g/t gold. From January 2018 through August 2018, total meterage drilled equalled 27,346 metres from 66 completed core holes.

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On January 31, 2019, the Company announced remaining results from the drilling of the Avan-Central-Skiråsen zones, with expansion hole AVA18013 at the Avan Zone, intersecting 21.0 metres grading 3.68 g/t gold, while expansion hole AVA18012 cut 16.0 metres grading 2.76 g/t gold. At the Central Zone, expansion hole CNT18012 cut 25.0 metres grading 1.79 g/t gold. Additionally, at Risberget, regional hole RIS18002 cut 9.0 metres grading 1.98 g/t gold and regional hole SKI18009 cut 22.0 metres of semi-massive sulphides. Drilling during 2018 totalled 34,998 metres. Since drilling commenced in late 2015, a total of 135,142 metres of drilling has been completed.

On February 21, 2019, the Company announced an updated mineral resource estimate on the Barsele Property with an effective date of February 14, 2019. The study concludes that diamond drilling to date along the Avan-Central-Skiråsen gold zones at a 0.50 g/t gold cut-off for a pit constrained extraction mining method and a 1.50 g/t gold cut-off for a bulk underground extraction mining method and a 1.80 g/t gold cut-off for a selective underground extraction mining method, has in combination, outlined an Inferred Resource of 25,495,000 tonnes grading 2.54 g/t gold (2,086,000 ounces of contained gold) and an Indicated Resource of 5,578,000 tonnes grading 1.81 g/t gold (324,000 ounces of contained gold). Harold Brisson, P. Eng. and Carl Pelletier, P. Geo., B.Sc., both from InnovExplo Inc., of Val d'Or, Quebec have taken responsibility as Qualified Persons for this mineral resource estimate.

On April 2, 2019, the Company announced the filing of the Barsele Gold Project NI 43-101 Technical Report on SEDAR. The report has been prepared in accordance with Canadian Securities Administrators' National Instrument 43-101 and a copy of the report may be found under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.barseleminerals.com](http://www.barseleminerals.com).

On August 6, 2019, the Company announced drill results for the months January through June 2019 that include "VMS" drill holes NOR19006 that cut 3.4 metres grading 9.96 g/t gold, 6.34% zinc, 1.72% copper, 94.61 g/t silver, plus NOR19007 that cut 5.0 metres grading 5.09 g/t gold, 41.85 g/t silver, plus NOR19008 that cut 12 metres grading 11.04 g/t gold, 1.44% zinc, 0.29% copper, 74.22 g/t silver, plus NOR19009 that cut 10.0 metres grading 8.86 g/t gold, 5.17% zinc, 1.51% copper, 78.63 g/t silver.

For the 2019-year, meterage drilled at Barsele totaled 12,310 metres in 56 completed core holes. Since assuming management of the Project in 2015, Agnico Eagle has drilled a total of 147,452 metres of overburden penetration and core collection from a total of 367 core holes. Hole AVA19007 yielded 1.0-meter grading 6.57 g/t gold and extended the Avan-Central-Skiråsen gold zones, 600 metres to the northwest, for a known strike length approaching 3.6 kilometres. Regional VMS hole AVA19005 yielded 21.55 metres grading 0.18% zinc, 2.50 g/t silver and Expansion VMS hole NOR19022 yielded 0.80-meter grading 3.89 g/t gold, 0.12% zinc.

Early in 2020, the proposed plans for the annual exploration campaign were successfully approved by the local Saami Village and sent to the County Administration Board, the Mining Inspectorate, and affected landowners. Between January 1 and April 30, Agnico Eagle personnel and certain contractors have been carrying-out office related and field specific exploration activities at a number of exploration sites. Base of till sampling by a contractor has been ongoing. Ground gravity surveying by a contractor has been partially completed, with more work required later in the year. Ground magnetic surveying is being carried out by Agnico Eagle-site personnel and is ongoing. It is planned to initiate a large surface till sampling campaign, utilizing site personnel, in the coming weeks. Utilizing previously collected data, lithochemical reinterpretation of all pre-2020 base of till data is in progress. In addition, base-metal/gold association studies are being carried out toward vectoring in on sectors of the Avan-Central-Skiråsen zones with superior gold grades, as well as studies of high-grade gold associated with certain alteration minerals and structures. Planned diamond drilling on gold and VMS targets will be delayed for a few months because of restrictions due to COVID-19 and commencement of drilling is dependent on how the COVID-19 situation develops.

On May 27, 2020, the Company provided an update on project activities. Surface exploration and data analysis has been ongoing since January. The 2020 work plan has been approved by the Saami Village and sent to the County Administration, Mining Inspectorate, and landowners. The 2020 planned diamond drilling has been delayed for a few months due to COVID-19 concerns. There is ongoing data review and research for high-grade gold vectors, within the large gold-bearing system.

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The initial 25 Base of Till holes have been completed. Ground gravity surveying has been completed in some project sectors, with more work planned. The ground magnetic surveying has been continuously carried out and is ongoing. Lithochemical studies of core sample results and base of till sample results is ongoing. A high-density surface till sampling campaign is planned for the summer months. Stringent COVID-19 protocols have been enforced to keep workers and people in the surrounding community safe.

On July 20, 2020, the Company announced the resumption of diamond drilling activities, with actual coring underway on July 14<sup>th</sup>. Drilling would probe "Orogenic Gold" and Massive Sulphide targets. Drilling would test for the continuity and extensions of higher-grade intercepts within and between the Avan and Central zones. In addition, early-stage spectrographic Ore/Waste studies were initiated. Stringent COVID-19 protocols have been enforced in order to keep workers and people in the surrounding community safe.

On October 28, 2020, the Company announced that infill drill hole AVA20002 intersected 11.2 metres grading 5.36 g/t gold. Additionally, expansion drill hole AVA20001 cut 2.0 metres grading 3.41 g/t gold, plus 5.0 metres grading 2.39 g/t gold. Two drills turned during the month of September, testing for both "Orogenic Gold" and Volcanogenic Massive Sulphide "VMS" targets. Base of till sampling yielded positive results up to 2.49 g/t gold. Extensive MEFFA (multi element fine fraction analysis) sampling combined with automated XRF scanning has yielded anomalous multi-element results. Ongoing drilling would test for continuity and extensions of higher-grade intercepts within the Avan and Central zones, as well as regional "Orogenic Gold" and "VMS" targets. Stringent COVID-19 protocols have been maintained.

On November 11, 2020, the Company announced drill hole AVA18003 extension intersected 5.0 metres grading 84.0 g/t gold, including 0.65 metre grading 647.30 g/t gold. High-grade (Bonanza-style) expansion drilling has been successful in probing for "Fracture Sets" outside the current Wireframe model. Diamond drilling continued through the month of October, testing both "Orogenic Gold" and "VMS" targets. MEFFA testing has yielded several anomalous gold values up to 33 ppb, in an area with strong anomalous arsenic response. Additional channel sampling toward future ore-sorting/metallurgical testing has been carried out along three different surface exposures within the broad area of surface trenching. Diamond drilling from July 14, into early November, within the 46,991-hectare property totals 7,893 metres in 37 completed core holes. Since late 2015, a total of 155,345 metres of overburden penetration and core collection has been tabulated from a total of 404 drill holes. The Agnico Eagle crew has maintained stringent COVID-19 protocols.

On December 7, 2020, the Company announced expansion drill hole AVA18004 extension intersected 11.6 metres grading 3.22 g/t gold, including 0.60 metre grading 30.30 g/t gold and 3.0 metres grading 8.30 g/t gold. Additionally, Central expansion hole CNT20006 intersected 6.0 metres grading 4.69 g/t gold, and Avan expansion hole AVA20004 intersected 10.0 metres grading 2.43 g/t gold, including 3.0 metres grading 6.80 g/t gold. High-grade (Bonanza-style) expansion drilling continues to be successful in probing for "Fracture Sets" outside the current Wireframe model. Extensive MEFFA surface till sampling combined with automated XRF scanning of 13,758 field samples has yielded numerous anomalous responses warranting follow-up. Cumulative Base of till sampling totals 156 holes for the 2020 work year. A total of 741 gravity stations had measurements collected in 2020. A total of 765 kilometres of Magnetic surveying was completed during 2020 and is ongoing. Shallow drill testing at a new target named Bastuträsk yields gold values. Stringent COVID-19 protocols are being enforced, to keep the workers and the people living in the surrounding community safe.

On December 16, 2020, the Company filed an amended technical report, entitled "NI 43-101 Technical Report and Mineral Resource Estimate (Amended) for the Barsele Property" (the "**Amended Technical Report**") and an annual information form, for the year ended December 31, 2019 (the "**Amended AIF**"). The Amended Technical Report and the Amended AIF address comments raised by the British Columbia Securities Commission (the "**BCSC**") in the course of a review. The Amended Technical Report contains no material differences from the original technical report filed on April 2, 2019. The Amended AIF incorporates the executive summary from the Amended Technical Report and contains no material differences to the original annual information form for the year ended December 31, 2019 filed on October 28, 2020. The BCSC review is now complete.

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The report has been prepared in accordance with Canadian Securities Administrators' National Instrument 43-101 and a copy of the report may be found under the Company's profile at [www.sedar.com](http://www.sedar.com), and on the Company's website at [www.barseleminerals.com](http://www.barseleminerals.com).

On January 19, 2021, the Company announced regional drill hole BAS20007B at newly discovered Bastuträsk intersected 0.70 metres grading 32.20 g/t gold, including 0.12% nickel, 0.08% copper and 0.05% cobalt. Additionally, regional "Orogenic Gold" hole RIS20003 between Skiråsen and Risberget intersected 1.0 metre grading 4.10 g/t gold. Regional "VMS" hole SKL20001 intersected 0.50 metre grading 3.25% zinc, 0.15% lead and 10.96 g/t silver. Bastuträsk regional hole BAS20002 intersected 1.65 metres grading 5.80 g/t gold and Avan expansion hole AVA20008 intersected 1.0 metre grading 7.80 g/t gold. Recent drilling at the Avan Zone has outlined some new potential lodes that lie parallel and sub-parallel to the current resource. Scout drilling at Bastuträsk to date, has outlined a ~300 metre by ~300 metre area, roughly 4.8 kilometres east-northeast from the Avan-Central-Skiråsen zones requiring follow-up testing. Eighty-seven channel samples collected from the Central Zone trench, plus drill core from the Avan and Skiråsen zones will be submitted for ongoing ore sorting studies. Water sampling at 18 watercourses and three lakes, plus water flow measurements in 5 creeks is ongoing. Stringent COVID-19 protocols are being enforced, in order to keep the workers and the people living in the surrounding community safe.

On March 12, 2021, the Company announced that it had executed a non-binding letter of intent ("LOI") with Agnico to acquire Agnico's indirect 55% interest in the Barsele Project (the "Proposed Transaction"). The Proposed transaction is subject to corporate and regulatory approvals including approval from the TSX Venture Exchange.

The LOI provides that the Company and Agnico will negotiate and enter into a definitive purchase and sale agreement containing customary terms and conditions for a transaction of its nature, whereby the Company will acquire Agnico's 55% indirect interest in Gunnarn Mining AB. The purchase price payable by the Company to Agnico will consist of the following:

- (i) a cash payment of US\$45,000,000 (the "Cash Amount"), with the option, at the Company's election, to settle a portion of the Cash Amount through a vendor-take-back note
- (ii) the issuance of common shares of the Company such that Agnico will hold 14.9% of the Company's common shares upon the closing of the Proposed Transaction (the "Consideration Shares")
- (iii) the issuance of warrants exercisable into 6,000,000 common shares of the Company (the "Warrants"). Each Warrant will have a five-year term and will entitle Agnico to purchase one common share of the Company at an exercise price equal to the greater of:
  - i. \$1.25
  - ii. a 20% premium to the twenty-day volume weighted average price of the Company's common shares immediately prior to the date of issuance of the Warrant, and
  - iii. in the event that the Company issues convertible debt in connection with its financing of the Cash Amount, the conversion price of such convertible debt.
- (iv) a 2% net smelter return royalty on all minerals produced from the Barsele Project (the "NSR"); and
- (v) a contingent value right with respect to future gold mineral reserves and mineral resources identified at the Barsele Project

On June 7, 2021, the Company announced an operational update and the resumption of diamond drilling activities. Coring was initiated on June 2, 2021, toward a 25-hole, 3,000-meter campaign. Various targets to be tested included both Orogenic Gold and Massive Sulphide, with target selection enhanced through use of geophysics and surface till and basal till sampling. Preliminary ore sorting studies have indicated Avan-weak, Central-medium and Skiråsen-good ore sorting potential.

On November 1, 2021, the Company announced the termination of the LOI in accordance with its terms. The termination of the LOI was the result of current market conditions which have made it difficult to meet the requirements of the LOI.

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Description of Business (cont'd...):

BARSELE, SWEDEN (cont'd...):

On November 10, 2021, the Company announced that effective September 30, 2021, the Swedish Geological Survey has designated the land area hosting the Avan-Central-Skiråsen “Orogenic Gold” system, as well as the land area surrounding the Norra “VMS” deposit, a land and water area of National Interest under Chapter 3, Section 7 of the Swedish Environmental Code (MB). This National Interest area comprises 685 hectares. The National Interest designation of valuable substances or materials serves as a planning instrument and provides guidance to the general public and relevant planning authorities that valuable substances or materials of National Importance occur in the area, and consequently must be protected against significant encroachment or restrictions for future mining activities. This is a positive step in an evolving permitting process, with more work to be done.

On December 21, 2021, the Company announced that regional exploration including 3,094 metres of diamond drilling in 18 completed core holes, during the 2021 exploration campaign, has outlined several new prospective target areas within the 34,533-hectare property. At Bastuträsk, Regional hole BAS21001 intersected basalt with a 0.90 metre interval grading 1.66% zinc, 0.12% lead. Regional hole BAS21004 intersected mainly brecciated basalt and yielded 0.45 metre core length grading 1.60 g/t gold. At Bastuträsk, Regional hole BAS21005 cut 0.60 metre core length of sphalerite-bearing carbonate breccia, grading 2.93% zinc. Regional hole BAS21006 yielded arsenopyrite rich vein material with visible gold and contained a 0.45 metre core length grading 8.20 g/t gold. Regional hole BAS21007 cut a zone logged as a mafic dyke, that yielded 0.80 metre core length grading 6.20 g/t gold. Regional Expansion hole BAS20007B cut massive sulphide/meta gabbro, that yielded 4.00 metres core length grading 0.29 g/t gold, 0.07% nickel, 0.12% copper, plus an andesitic dyke that assayed 1.0 metre core length grading 1.61 g/t gold. Regional hole NOR21003, intersected volcanics with banded iron formation at the beginning of the hole, followed by mafic intrusive. Narrow arsenopyrite-bearing mineralization yielded 1.00 metre core length grading 1.03 g/t gold, plus 0.90 metre core length grading 6.10 g/t gold. Regional hole NOR21005 was drilled to test a strong borehole electromagnetic plate identified at a depth of 50 metres and interpreted as possible continuity of the VMS horizon on the northern limb of a folded sediment/volcanic sequence hosting the Norra VMS deposit. The drill hole encountered sphalerite clasts that could represent the distal portion of the VMS horizon, that has been truncated by post mineral dykes. A 1.00 metre core length graded 0.75 g/t gold, 22.3 g/t silver, and 0.18% copper, plus anomalous zinc. At Sjöleden, Regional hole SJO21001, testing a possible late east-west trending structure, cut a 1.00 metre core length within an andesitic dyke, grading 1.64 g/t gold. At Risberget, Regional hole RIS21001 tested a magnetic low anomaly in metagreywacke. The drill hole yielded 2.0 metres of graphite breccia grading 0.93 g/t gold.

On January 13, 2022, the Company announced that regional exploration at Barsele has led to the discovery of a new high-grade gold bearing boulder. A mineralized boulder trail discovered in 2016 and lying to the southeast of the trend of the Avan-Central-Skiråsen zones was followed up by additional work, including Meffa soil sampling and boulder prospecting in late 2021. Another high-grade boulder of 90.8 g/t gold was found about 150 meters up-ice to the northwest of previous boulder discoveries. This new boulder is over one meter in diameter and is subrounded to rounded and composed of quartz-sulphide (mainly pyrrhotite with some arsenopyrite) breccia in fine-grained granodioritic host rock. It is interpreted to be similar to the other boulders found in the area. Preliminary multi element fine fraction analysis soils indicate discontinuous arsenic anomalies in the area. The possible sources of the boulders could be either the area of the disappearance of the arsenic anomaly approximately 100 meters northwest from the high-grade boulder, or the Barsele gold deposit itself. The first area is dominated by a volcanic-sedimentary sequence, with possible presence of narrow granodioritic intrusions. There is also a graphite-sulphide bearing horizon present in the area, that can cause base-metal anomalies.

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Description of Business (cont'd...):

BARSELE, SWEDEN (cont'd...):

On January 25, 2022, the Company announced the closing of the first tranche of its non-brokered private placement, by issuing 825,000 units of the Company at a price of \$0.50 per Unit for aggregate gross proceeds of \$412,500.

On February 18, 2022, the Company announced the closing of the final tranche of its non-brokered private placement, by issuing 550,000 units of the Company at a price of \$0.50 per Unit for aggregate gross proceeds of \$275,000.

Art Freeze, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Barsele Property.

Results of Operations for the Three Month Periods Ended December 31, 2021 and 2020:

During the three-month period ended December 31, 2021, the Company incurred exploration expenses amounting to \$67,645 (2020 - \$67,049). Exploration expenses consisted of fees paid to geologists in the years ended December 31, 2021 and 2020.

General operating costs totalled \$435,877 (2020 - \$255,362) for the three months ended December 31, 2021. These costs primarily included consulting of \$10,000 (2020 - \$8,750), investor relations of \$195,602 (2020 - \$43,542), management fees of \$115,500 (2020 - \$71,095), office and administrative fees of \$93,695 (2020 - \$76,924), professional fees of \$6,958 (2020 - \$44,259), share-based payments of \$Nil (2020 - \$Nil) and transfer agent and filing fees of \$12,700 (2020 - \$10,640). General operating costs were comparable other than investor relations, management fees, office and administrative fees and professional fees. Investor relations increased from \$43,542 in the three months ended December 31, 2020 to \$195,602 in the three months ended December 31, 2021 due to the Company participating in increased investor relations conferences, as well as increased investor relations needs. Management fees increased from \$71,095 in the three months ended December 31, 2020 to \$115,500 in the three months ended December 31, 2021 due to a restructuring of management's compensation within the Belcarra Group. Office and administration fees increased due to less cost sharing. Professional fees decreased from \$44,259 in the three months ended December 31, 2020 to \$6,958 in the three months ended December 31, 2021 due to decreased legal fees incurred in the period.

In summary, the loss in the three month period ended December 31, 2021 amounted to \$503,522 (2020 - \$322,411) or \$0.00 (2020 - \$0.00) per share.

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Results of Operations for the year ended December 31, 2021 and 2020:

During the year ended December 31, 2021, the Company incurred exploration expenses amounting to \$243,527 (2020 - \$254,863). Exploration expenses were lower due to fewer fees paid to geologists during 2021.

General operating costs totalled \$2,899,205 (2020 - \$868,165) for the year ended December 31, 2021. These costs primarily included consulting of \$31,250 (2020 - \$80,500), investor relations of \$507,338 (2020 - \$139,757), management fees of \$463,742 (2020 - \$253,255), office and administrative fees of \$339,206 (2020 - \$276,373), professional fees of \$266,826 (2020 - \$72,144), share-based payments of \$1,203,969 (2020 - \$Nil), and transfer agent and filing fees of \$82,138 (2020 - \$45,566). Consulting fees decreased from \$80,500 in the year ended December 31, 2020 to \$31,250 in the year ended December 31, 2021 due to less advisory services incurred by the Company in the year. Investor relations increased from \$139,757 in the year ended December 31, 2020 to \$507,338 in the year ended December 31, 2021 due to the Company participating in increased investor relations conferences, as well as increased investor relations needs. Management fees increased from \$253,255 in the year ended December 31, 2020 to \$463,742 in the year ended December 31, 2021 due to a restructuring of management's time and consequent compensation within the Belcarra Group. Office and administration fees increased due to less cost sharing. Professional fees increased from \$72,144 in the year ended December 31, 2020 to \$266,826 in the year ended December 31, 2021 due to the Company's ongoing negotiations and due diligence procedures conducted in Sweden and related to acquiring the remaining 55% interest from Agnico in the Barsele Project. During the year ended December 31, 2021 options were granted and vested resulting in a fair value of \$1,203,969 in share-based payments recognized using the Black-Scholes Model. Share-based payments of \$Nil for the year ended December 31, 2020 was due to no options granted or vested in the period. Transfer agent and filing fees were higher due to the Company incurring costs relating to its OTCQB listing, which has been finalized.

Interest income for the year ended December 31, 2021 was \$Nil (2020 - \$5,858), a result of interest earned on the Company's cash balance.

In summary, the loss in the year ended December 31, 2021 amounted to \$3,142,732 (2020 - \$1,117,170) or \$0.02 (2020 - \$0.01) per share.

Selected Annual Financial Information:

	<b>For the Year Ended December 31, 2021</b>	<b>For the Year Ended December 31, 2020</b>	<b>For the Year Ended December 31, 2019</b>
Total revenues	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the year:			
(i) total for the year	3,142,732	1,117,170	2,128,944
(ii) loss per share – basic and diluted	(0.02)	(0.01)	(0.02)
Net loss:			
(i) total for the year	3,142,732	1,117,170	2,128,944
(ii) loss per share – basic and diluted	(0.02)	(0.01)	(0.02)
Total assets	395,727	238,763	1,123,878
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared per-share	\$ Nil	\$ Nil	\$ Nil

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Selected Quarterly Financial Information:

	<b>Revenues</b>	<b>(Loss) Gain for the period</b>	<b>(Loss) Gain per share</b>
4 <sup>th</sup> Quarter ended December 31, 2021	\$Nil	\$(503,522)	\$(0.00)
3 <sup>rd</sup> Quarter ended September 30, 2021	\$Nil	\$(619,163)	\$(0.00)
2 <sup>nd</sup> Quarter ended June 30, 2021	\$Nil	\$(572,035)	\$(0.00)
1 <sup>st</sup> Quarter ended March 31, 2021	\$Nil	\$(1,448,012)	\$(0.01)
4 <sup>th</sup> Quarter ended December 31, 2020	\$Nil	\$(322,411)	\$(0.00)
3 <sup>rd</sup> Quarter ended September 30, 2020	\$Nil	\$(236,723)	\$(0.00)
2 <sup>nd</sup> Quarter ended June 30, 2020	\$Nil	\$(275,762)	\$(0.00)
1 <sup>st</sup> Quarter ended March 31, 2020	\$Nil	\$(282,274)	\$(0.00)

During the three month period ended December 31, 2021, the Company incurred exploration expenses amounting to \$67,645 and \$53,600 for the three month period ended September 30, 2021. Exploration expenditures during the three months ended December 31, 2021 consisted of fees paid to geologists. General operating costs totaled \$435,877 during the three months ended December 31, 2021 and \$565,563 during the three months ended December 31, 2021. The decrease in operating expenses was mainly due to a decrease in legal fees incurred in the three months ended December 31, 2021.

During the three month period ended September 30, 2021, the Company incurred exploration expenses amounting to \$53,600 and \$43,900 for the three month period ended June 30, 2021. Exploration expenditures during the three months ended September 30, 2021 consisted of fees paid to geologists. General operating costs totaled \$565,563 during the three months ended September 30, 2021 and \$528,135 during the three months ended June 30, 2021. The increase in operating expenses was mainly due to an increase in legal fees incurred in the three months ended September 30, 2021.

During the three month period ended June 30, 2021, the Company incurred exploration expenses amounting to \$43,900 and \$78,382 for the three month period ended March 31, 2021. Exploration expenditures during the three months ended June 30, 2021 consisted of fees paid to geologists. General operating costs totaled \$528,135 during the three months ended June 30, 2021 and \$1,369,630 during the three months ended March 31, 2021. The decrease in operating expenses was mainly due to share-based payments of \$1,054,489 during the three months ended March 31, 2021 and \$149,480 during the three months ended June 30, 2021.

During the three month period ended March 31, 2021, the Company incurred exploration expenses amounting to \$78,382 and \$67,049 for the three month period ended December 31, 2020. Exploration expenditures during the three months ended March 31, 2021 consisted of fees paid to geologists. General operating costs totaled \$1,369,630 during the three months ended March 31, 2021 and \$255,362 during the three months ended December 31, 2020. The increase in operating expenses was mainly due to share-based payments of \$1,054,489 during the three months ended March 31, 2021 and \$Nil during the three months ended December 31, 2020.

During the three month period ended December 31, 2020, the Company incurred exploration expenses amounting to \$67,049 and \$70,049 for the three month period ended September 30, 2020. Exploration expenditures during the three months ended December 31, 2020 consisted of fees paid to geologists. General operating costs totaled \$255,362 during the three months December 31, 2020 and \$166,674 during the three months ended September 30, 2020. The increase in operating expenses was mainly due to an increase in office and administration due to less cost sharing and an increase in professional fees due to increased legal fees incurred in the period.

During the three month period ended September 30, 2020, the Company incurred exploration expenses amounting to \$70,049 and \$70,049 for the three month period ended June 30, 2020. Exploration expenditures during the three months ended September 30, 2020 consisted of fees paid to geologists. General operating costs totaled \$166,674 during the three months September 30, 2020 and \$207,345 during the three months ended June 30, 2020. The decrease in operating expenses was mainly due to a decrease in investor relations due to timing of when the Company attended investor relations conferences.

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Selected Quarterly Financial Information (cont'd...):

During the three month period ended June 30, 2020, the Company incurred exploration expenses amounting to \$70,049 and \$47,716 for the three month period ended March 31, 2020. Exploration expenditures during the three months ended June 30, 2020 consisted of fees paid to geologists. General operating costs totaled \$207,345 during the three months June 30, 2020 and \$238,784 during the three months ended June 30, 2020. The decrease in operating expenses was mainly due to a decrease in investor relations due to timing of when the Company attended investor relations conferences.

During the three month period ended March 31, 2020, the Company incurred exploration expenses amounting to \$47,716 and \$48,309 for the three month period ended December 31, 2019. Exploration expenditures during the three months ended March 31, 2020 consisted of fees paid to geologists, as well as travel costs to visit the property. General operating costs totaled \$238,784 during the three months ended March 31, 2020 and \$1,153,043 during the three months ended December 31, 2019. The decrease in operating expenses was mainly due to share-based payments of \$Nil during the three months ended March 31, 2020 and \$919,126 during the three months ended December 31, 2019.

Liquidity:

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

The operating loss for the year ended December 31, 2021 is \$3,142,732 (2020 - \$1,117,170), but after changes in other working capital balances, cash used in operating activities was \$2,003,107 (2020 - \$1,085,724).

Cash from financing activities consisted of gross proceeds from a private placement of \$2,064,949 (2020 - \$Nil), less share issuance costs paid of \$131,378 (2020 - \$Nil) and proceeds from an exercise of options of \$185,500 (2020 - \$207,500). Total cash received from financing activities was \$2,119,071 (2020 - \$207,500).

As a consequence, the Company's cash position increased from an opening level of \$168,238 at the beginning of the year to \$284,202.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, included the securing of joint venture partners where appropriate.

Capital Resources:

The Company considers its capital structure to be shareholder equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and relies primarily on the funds derived from the spin-out and future equity financings to meet its capital requirements.

There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

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Equity investment - exploration and evaluation assets:

On September 25, 2015, a 45% interest in the Barsele Project which included Gunnarn Mining AB and Gunnarn Exploration AB (collectively “Barsele JV”) was transferred from Orex Minerals Inc. (“Orex”) to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited (“Agnico”). As part of the joint venture agreement, Agnico committed to spend US \$7 million on Project expenditures over three years and can earn an additional 15% interest in the corporate entity, which owns the Barsele Project, if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has completed earning its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

	December 31, 2021		December 31, 2020	
Current assets	\$	510,051	\$	504,125
Non-current assets		6,853,586		7,606,943
Current liabilities		3,127,266		6,715,590
Loss for the year		2,575,001		4,354,659
The Company’s ownership %		45%		45%
The Company’s share of loss for the year	\$	Nil	\$	Nil

As of December 31, 2021 and 2020, the Company’s investment in Barsele JV was \$1. The Company’s unrecognized share of the loss for the year ended December 31, 2021 was approximately \$1,158,751 (2020 - \$1,959,597). The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company’s judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Exploration expenses reported for the year ended December 31, 2021 of \$243,527 (2020 - \$254,863) were incurred to meet the Company’s reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

Related Party Transactions:

During the year ended December 31, 2021, the Company entered the following transactions with related parties, directors, and key management personnel. Key management personnel are individuals responsible for planning, directing, and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
Management fees (Gary Cope - 683192 BC Ltd; Ross Wilmot - Cedarwoods Group)	\$	463,742	\$	253,255
Share-based payments		286,657		-
Total	\$	750,399	\$	253,255

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Related Party Transactions (cont'd...):

Other related party transactions are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Investor relations*	\$ 63,816	\$ 64,264
Office and administration*	304,305	250,918
Consulting*	10,500	-
Geological consulting fees (general exploration) (Arthur Freeze - Stillwater Enterprises Ltd; Velia Ledezma - 683192 BC Ltd.)	217,360	164,863
Share-based payments	204,755	-
<b>Total</b>	<b>\$ 800,736</b>	<b>\$ 480,045</b>

\* Fees paid to Belcarra Group Management Ltd., a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as of December 31, 2021 is \$400 (December 31, 2020 - \$Nil) due to directors or officers or companies controlled by directors.

Off Balance Sheet Arrangements:

The Company has no material off balance sheet arrangements in place.

Proposed Transactions:

On March 12, 2021, the Company announced that it had executed a non-binding letter of intent (“LOI”) with Agnico to acquire Agnico’s indirect 55% interest in the Barsele Project (the “Proposed Transaction”). On November 01, 2021, the Company announced the termination of the LOI in accordance with its terms. The termination of the LOI is the result of current market conditions which have made it difficult to meet the financial requirements of the LOI

Changes in Accounting Policies Including Initial Adoption:

There were no changes in accounting policies, including initial adoption, during the year.

Capital Management:

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company’s business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company’s short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

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Capital Management (cont'd...):

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the year.

**RISKS AND UNCERTAINTIES**

Operational Risk Management

The Company is exposed to numerous risks by virtue of its operations as a mineral explorer, both of an operational and a financial nature. Operational exposures include the risks in acquisition of property rights and access, the actual surface exploration work, surveying the property and sampling, undertaking a drilling program, assaying the drill cores recovered, the evaluation of the results of these determinations and the technical assessments from all of these steps to identify mineralization initially, and then the determination of commercial viability of the mineralization. These various procedures involve the work of staff and consultants or contractors, which introduce risks of damage to the property sites and surrounding areas and harm to those workers involved in the project work. Also, this project work introduces environmental exposures, in particular from drilling, of contamination on site to the air, to the water and to the biodiversity, and equally to the communities in proximity to the project site.

The Company has developed a number of policies to address the ethical elements of its interaction with staff, contractors and communities and its full compliance with governmental laws, rules and guidelines. It has also developed policies addressing Environmental, Social and Governance ("ESG") requirements to guide its staff and others in the conduct of its business on site and elsewhere, and requires all workers to commit regularly to their adherence to the policies.

Climate Change

More recently, the effects of climate change to project work sites has introduced added risk to the success of the site work and the overall viability of the Company's exploration plans. Climate changes can make the project site more difficult for workers due to extreme temperatures or heavy rains or flooding, all adding greater risk of injury or damage. Climate changes can change the costs of fuels and supplies, the availability of water for drilling, and costs for site preparation and maintenance. The impact of climate change has already caused changes to past project work, and there is expected to be future program changes necessitated by additional weather events and changes, which will alter the Company's plans, performance and success going forward.

Financial and Risk Management:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Financial and Risk Management (cont'd...):

(a) Fair value of financial instruments

The Company has various financial instruments including cash and receivables and accounts payable. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable approximates its fair values due to the short-term maturity of the financial instrument.

(b) Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

(c) Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax (GST), which are recoverable from the governing body in Canada.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk. The Company manages liquidity risk through the management of its capital structure.

(e) Foreign exchange risk

The Company is not subject to significant foreign exchange risk.

(f) Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

(g) Price risk

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

Outstanding Share Data:

The Company had 129,497,544 common shares issued and outstanding as of April 22, 2022.

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Outstanding Options and Warrants:

The Company had Nil warrants outstanding as of April 22, 2022.

Stock option transactions are summarized as follows:

	Number of Shares	\$	Weighted Average Exercise Price
Outstanding, December 31, 2019	12,025,000		0.48
Exercised	(2,075,000)		0.10
Forfeited	(1,600,000)		0.73
Outstanding, December 31, 2020	8,350,000		0.62
Exercised	(1,425,000)		0.13
Expired	(1,300,000)		1.00
Forfeited	(250,000)		0.81
Granted	2,875,000		0.66
Outstanding, December 31, 2021	8,250,000		0.65
Forfeited	(150,000)		0.71
Outstanding, April 22, 2022	8,100,000	\$	0.65
Exercisable, April 22, 2022	8,100,000	\$	0.70

Subsequent Events:

The Company closed a two-tranche private placement consisting of 1,375,000 units at a price of \$0.50 per unit for gross proceeds of \$687,500. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one share at a price of \$0.75 per share, with 852,000 expiring on January 25, 2024, and 550,000 expiring on February 18, 2024.

Additional Information:

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).