



2024 MANAGEMENT INFORMATION CIRCULAR HALCONES PRECIOUS METALS CORP.

ABOUT THE SHAREHOLDER MEETING

October 4, 2024

You have received this management information circular (the “**Circular**”) because you owned common shares (“**Common Shares**”) of Halcones Precious Metals Corp. (the “**Corporation**”) as of September 30, 2024 (the “**Record Date**”). You are therefore entitled to vote at the 2024 annual general and special meeting of common shareholders of the Corporation (the “**Meeting**”) to be held virtually on November 15, 2024 at 10:00 a.m. (Toronto time) by way of live webcast and teleconference accessible by the following particulars:

Webcast	Join Zoom Meeting https://us02web.zoom.us/j/88135720578?pwd=mv3rUcV1Ei51w0cqKkTbIsbS6vKuiN.1 Meeting ID: 881 3572 0578 Passcode: 056277
Teleconference	+1 647 374 4685 Canada +1 647 558 0588 Canada +1 305 224 1968 US +1 309 205 3325 US Meeting ID: 881 3572 0578 Passcode: 056277

The Meeting is being held for the following purposes:

1. To receive the audited financial statements of the Corporation for the financial year ended December 31, 2023, together with the auditor’s report thereon;
2. To appoint McGovern Hurley LLP as auditors (the “**Auditors**”) of the Corporation for the current financial year and to authorize the directors to fix the remuneration of the Auditors;
3. To elect directors of the Corporation for the ensuing year;
4. To consider and, if thought fit, to approve an ordinary resolution ratifying and approving the Corporation’s Stock Option Plan (the “**Stock Option Plan**”). The full text of the ordinary resolution is set out in the Management Information Circular (the “**Circular**”);
5. To consider and, if thought fit, to approve a special resolution ratifying and approving the Corporation’s RSU/DSU Plan. The full text of the ordinary resolution is set out in the accompanying Circular; and
6. To transact other business as may properly come before the Meeting.

This year we will hold our Meeting in a “virtual only” format, which will be conducted via live audio webcast and teleconference. Shareholders will have an equal opportunity to participate at the Meeting online regardless of their geographic location. The Meeting will be held on November 15, 2024 at 10:00 a.m. (Toronto time) virtually via live audio webcast and teleconference. Registered shareholders of the corporation (“**Registered Shareholders**”) and duly appointed proxyholders will be able to attend, participate and vote at the Meeting. Non-registered shareholders (“**Non-Registered Holders**”) who have not duly appointed themselves as proxyholders may attend the Meeting as guests. Guests will not be able to vote at the Meeting. Registered Shareholders and duly appointed proxyholders who participate at the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided they are connected to the internet and comply with all of the requirements set out below under “Voting Information”. Non-Registered Holders who have not duly appointed themselves as proxyholders may still attend the Meeting as guests. Guests will be able to listen to the Meeting but will not be able to vote at the Meeting. See “Voting Information – Voting at the Meeting” below. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by the Corporation’s investor relations group by telephone, and by officers and directors of the Corporation (but not for additional compensation). The costs of solicitation will be borne by the Corporation. Except as noted below, in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and other intermediaries to forward solicitation materials to the beneficial owners of Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The Corporation is relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to Registered Shareholders or Non-Registered Holders.

Unless otherwise specified, information contained in this Circular is given as of October 4, 2024, and, unless otherwise specified, all amounts shown represent Canadian dollars.

APPOINTMENT, REVOCATION AND DEPOSIT OF PROXIES

The persons named in the enclosed instrument of proxy are officers and directors of the Corporation who have been selected by the directors of the Corporation and have indicated their willingness to represent as proxies the Shareholders who appoint them.

A SHAREHOLDER HAS THE RIGHT TO DESIGNATE OR APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM OR HER AND ON HIS OR HER BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY.

Such right may be exercised by striking out the names of the persons designated in the instrument of proxy and by inserting in the blank space provided for that purpose the name of the desired person or company or by completing another proper form of proxy (“**Form of Proxy**”) and, in either case, depositing the completed and executed proxy with the registrar and transfer agent of the Corporation, TSX Trust Company (the “**Transfer Agent**”) located at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment(s) or postponement(s) thereof or by fax at (416) 595-9593. Shareholders may also vote online prior to proxy cut-off by visiting www.voteproxyonline.com and logging in with the 12-digit control number, which is located on the form of Proxy.

A Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

A Shareholder who has given a proxy may revoke it at any time in so far as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a body corporate, by a duly authorized officer, attorney or representative thereof and deposited with the Transfer Agent located at 100 Adelaide Street West, Suite

301, Toronto, Ontario, M5H 4H1 at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment(s) or postponement(s) thereof, at the registered office of the Corporation at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof or with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof, and upon any of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law. The Corporation's registered office is located at 36 Lombard Street, 4th Floor, Toronto, ON M5C 2X3.

NOTICE-AND-ACCESS

The Corporation has elected to deliver the materials in respect of the Meeting pursuant to the notice-and-access provisions (the “**Notice-and-Access Provisions**”) concerning the delivery of proxy-related materials to Shareholders, found in section 9.1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”), in the case of registered Shareholders, and section 2.7.1 of NI 54-101, in the case of beneficial Shareholders. The Notice-and-Access Provisions are a set of rules that reduce the volume of proxy-related materials that must be physically mailed to shareholders by allowing issuers to deliver meeting materials to shareholders electronically by providing shareholders with access to these materials online.

The use of the Notice-and-Access Provisions reduces paper waste and mailing costs to the Corporation. In order for the Corporation to utilize the Notice-and-Access Provisions to deliver proxy-related materials by posting this Circular (and if applicable, other materials) electronically on a website that is not the System for Electronic Document Analysis and Retrieval (“**SEDAR+**”), the Corporation must send the Notice to Shareholders, including beneficial Shareholders, indicating that the proxy-related materials have been posted and explaining how a Shareholder can access them or obtain a paper copy of those materials from the Corporation.

In accordance with the Notice-and-Access Provisions, the Notice and a Form of Proxy or voting instruction form (the “**VIF**”), as applicable, have been sent to all Shareholders informing them that this Circular is available online and explaining how this Circular may be accessed, in addition to outlining relevant dates and matters to be discussed at the Meeting. This Circular has been posted in full under the Corporation's SEDAR+ profile as well as its website at www.halconespreciousmetals.com and <https://docs.tsxtrust.com/2385> If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access, please call 1-866-600-5869 or email tsxtis@tmx.com. In order to receive a paper copy in time to vote before the meeting, your request should be received November 6, 2024.

The Corporation will cause its Transfer Agent to deliver copies of the proxy-related materials to the Non-Objecting Beneficial Owners at their own cost. The Corporation does not intend to pay for the Intermediaries to deliver to Objecting Beneficial Owners the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* of NI 54-101.

MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed Form of Proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted accordingly.

WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR EACH OF THE MATTERS IDENTIFIED IN THE NOTICE AND DESCRIBED IN THIS CIRCULAR. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN THEIR JUDGMENT MAY DETERMINE. AS OF THE DATE OF THIS CIRCULAR, MANAGEMENT OF THE CORPORATION KNOWS OF NO SUCH AMENDMENTS,

VARIATIONS OR OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THE MATTERS REFERRED TO IN THE NOTICE.

VOTING INFORMATION – VOTING AT THE MEETING

The Meeting will be hosted virtually via live audio webcast and teleconference at:

<https://us02web.zoom.us/j/88135720578?pwd=mv3rUcV1EI51w0cqKkTbIsbS6vKuiN.1>

Meeting ID: 881 3572 0578

Passcode: 056277

ADVICE TO BENEFICIAL SHAREHOLDERS

The Shareholder materials are being sent to both registered and non-registered owners of the Common Shares. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. **The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the Shareholder’s name. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered Shareholder by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable VIF, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote Common Shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

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

All references to shareholders in this Circular and the accompanying Form of Proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

APPROVAL OF MATTERS

Unless otherwise noted, approval of matters to be placed before the Meeting is by an “ordinary resolution”, which is a resolution passed by a simple majority (50% plus 1) of the votes cast by Shareholders of the Corporation entitled to vote and present in person or represented by proxy at the Meeting.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer or any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors, appointment of auditors, or the re-approval of the Stock Option Plan.

QUORUM

The by-laws of the Corporation provide that a quorum of Shareholders is present at a meeting of Shareholders if two (2) or more persons present in person or represented by proxy holding or representing not less than 5% of the issued Common Shares.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of the Record Date, the Corporation has 172,420,036 Common Shares issued and outstanding.

To the knowledge of the directors and the executive officers of the Corporation, as at the Record Date, no person or company beneficially owns, directly or indirectly, or controls or directs, carrying ten percent (10%) or more of the voting rights attached to any class of voting securities of the Corporation.

BUSINESS OF THE MEETING

Other than in respect of the election of directors, approval of the Stock Option Plan (as defined herein), approval of the RSU/DSU Plan (as defined herein) and as otherwise disclosed herein, no informed person (as such term is defined under applicable securities laws) of the Corporation or Nominee (and each of their associates or affiliates) has had any direct or indirect material interest in any transaction involving the Corporation since January 1, 2023 or in any proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

1. Financial Statements

The financial statements for the financial year ended December 31, 2023, together with the auditor's report thereon, will be presented to Shareholders for review at the Meeting and were mailed to Shareholders with the Notice of Meeting and this Circular. No vote by the Shareholders is required with respect to this matter.

2. Appointment of Auditors

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of McGovern Hurley LLP as auditors of the Corporation until the close of the next annual meeting of Shareholders and to authorize the directors to fix their remuneration.

3. Election of Directors

The Board currently consists of six (6) directors. The Corporation has nominated six (6) persons (the “**Nominees**”) for election as directors of the Corporation, who will hold office until the next annual meeting of the Corporation or until his or her successor is elected or appointed. At the Meeting, Shareholders will be asked to elect these Nominees as directors of the Corporation. **The persons named in the enclosed form of proxy intend to vote for the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director.**

As the Corporation has adopted a Majority Voting Policy, the process for voting for election of each director will be by individual voting and not by slate. The Shareholders can vote for or withhold from voting on the election of each director on an individual basis. See “About the Board” for more information on our Majority Voting Policy.

Director Profiles

Each of the six nominated directors is profiled below, including his or her background and experience, committee memberships, share ownership and other public company directorships. All of the director nominees are currently directors of the Corporation.

IAN PARKINSON AURORA, ONTARIO

DIRECTOR SINCE FEBRUARY 1, 2023

Mr. Parkinson has spent the past 16 years as a sell-side mining analyst for several leading brokerage firms on Bay Street including Stifel GMP, GMP Securities and CIBC World Markets. He has a bachelor’s degree in Earth Science from Laurentian University followed by a decade of geology and business development experience with Falconbridge and Noranda, which formed the foundation for his work as a mining analyst. He built on his geology base with experience in metals trading, metal marketing and business development at the corporate level.

Shareholdings: 3,220,000 Common Shares

Other Public Company Boards: Prospector Metals Corp.

Committee Memberships: None

BEN BOWEN KINGSTON, ONTARIO

DIRECTOR SINCE SEPTEMBER 20, 2022

Mr. Bowen has 20 years of experience building businesses in multiple sectors. After a success start to his career with Xerox Canada, Ben quickly ventured into entrepreneurship. His first venture, Seaway Document Solutions Inc, which he purchased in 2002, was acquired in 2013. He then co-founded a start-up software company where he acted as CEO, servicing the global shared workspace industry. Following an exit from the software company, Ben started consulting for Canadian based SaaS firms, with a focus on developing go-to-market strategies for recently funded companies. Since 2016, Ben has continued consulting with his latest venture, Open Door Media, which is a full stack marketing firm focused on the lifestyle industry. Ben is also a founder of Innovate Kingston.

Cu-Mo project in Argentina. He has consulted on numerous base and precious metals projects including as Vice President Exploration for Zincore Metals Inc. and was responsible for the exploration and feasibility studies of two zinc deposits and the discovery of the Dolores Cu-Mo porphyry, Peru. More recently, he was COO of Royal Road Minerals Ltd. exploring for gold in Colombia and Nicaragua. Vern holds a Bachelor of Science in geology.

Shareholdings: 4,000,000

Other Public Company Boards: Nobel Resources Corp.

Committee Memberships: None

**LAWRENCE GUY
TORONTO, ONTARIO**

DIRECTOR SINCE SEPTEMBER 20, 2022

Mr. Guy is Chief Executive Officer of North 52nd Asset Management Inc and Chair of Emerita Resources Corp. Previously, Larry was a Portfolio Manager with Aston Hill Financial Inc. Prior to Aston Hill, Mr. Guy was Chief Financial Officer and Director of Navina Asset Management Inc, a company he co-founded that was subsequently acquired by Aston Hill Financial Inc. Mr. Guy has also held senior offices at Fairway Capital Management Corp and First Trust Portfolios Canada Inc. Mr. Guy holds a Bachelor of Arts degree from the Western University and is a Chartered Financial Analyst.

Shareholdings: 9,830,000

Other Public Company Boards: Emerita Resources Corp.
Lithium Ionic Corp.
Nobel Resources Corp.

Committee Memberships: Audit Committee

Corporate Cease Trade Orders, Penalties or Bankruptcies

No proposed director:

1. is, as at the date hereof, or has been, within ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company that,
 - (i) was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation and which was in effect for a period of more than thirty (30) consecutive days (an “**Order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer;
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (iii) while the proposed director was acting in that capacity, or within a year of the proposed director 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;
2. has, within the ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any

proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

3. has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or been subject to any other 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.

4. Stock Option Plan

The Board has determined that it is advisable to approve the stock option plan (the “**Stock Option Plan**”), which it believes is in the best interests of the Corporation. As of the Record Date, there is an aggregate of 14,470,000 Options outstanding pursuant to the Stock Option Plan which represents approximately 8.39% of the total issued and outstanding Common Shares.

Below is a summary of the Stock Option Plan, which is qualified in its entirety by the full text of the Stock Option Plan, which is attached hereto as Schedule "A" hereto. The purpose of the Stock Option Plan is to advance the interests of the Corporation by encouraging equity participation in the Corporation through the acquisition of Common Shares. The Stock Option Plan will be administered by the board of directors of the Corporation, which has full and final authority with respect to the granting of all options (“Options”) thereunder.

The Stock Option Plan will provide that the aggregate number of securities reserved for issuance under the Stock Option Plan, combined with any other compensation securities of the Corporation will not exceed 10% of the number of Common Shares issued and outstanding from time to time. Options may be granted under the Stock Option Plan to service providers of the Corporation and its affiliates, as the board of directors of the Corporation may from time to time designate. The exercise price of each Option shall be determined by the board of directors of the Corporation in its sole discretion, at the time such Option is allocated under the Stock Option Plan, and cannot be less than the Discounted Market Price (as defined in the policies of the TSXV). All Options granted under the Stock Option Plan will expire no later than the date that is ten (10) years from the date that such Options are granted.

The Stock Option Plan will provide for the following restrictions: (a) no Service Provider (as defined in the Stock Option Plan) may be granted an Option if that option would result in the total number of stock options granted to the participant in the previous 12 months, exceeding 5% of the issued and outstanding Common Shares unless the Corporation has obtained disinterested shareholder approval in accordance with TSXV Policies; (b) the aggregate number of Options granted to Service Providers conducting Investor Relations Activities (as defined in TSXV Policies) in any 12 month period must not exceed 2% of the issued and outstanding Common Shares, calculated at the time of grant; and (c) the aggregate number of Options granted to any one consultant in any 12 month period must not exceed 2% of the issued and outstanding Common Shares, calculated at the time of grant, without prior consent of the TSXV.

If a holder of Options (“**Optionee**”) ceases to be a director of the Corporation or ceases to be employed by the Corporation (other than by reason of death), or ceases to be a consultant of the Corporation as the case may be, Options may be exercised after the Optionee has left his/her employ/office or has been advised by the Corporation that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows: (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option; (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the board of directors of the Corporation as at the date of grant or agreed to by the board of directors of the Corporation and the Optionee at any time prior to expiry of the Option) after the date of termination, and only to the extent that such Option was vested at the date of termination; and (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee’s Options, whether or not vested at the date of dismissal, will immediately terminate on the date of termination without right to exercise same.

Optionees may elect to exercise an Option, in whole or in part, on a “cashless exercise” (“**Cashless Exercise**”) basis or a “net exercise” (“**Net Exercise**”) basis. In connection with a Cashless Exercise of Options, a brokerage firm will loan money to an Optionee to purchase Common Shares underlying the Options, and will sell a sufficient number of Common Shares to cover the exercise price of the Options in order to repay the loan made to the Optionee and the Optionee retains the balance of the Common Shares. In connection with a Net Exercise of Options, an Optionee would receive such number of Common Shares equal in value to the difference between the Option price and the fair market value of the Common Shares on the date of exercise, computed in accordance with the terms of the Stock Option Plan.

The Corporation is required to obtain the approval of its Shareholders with respect to any security compensation plan at the Corporation’s annual meeting of Shareholders. The Board recommends that Shareholders vote **FOR** the Stock Option Plan Resolution. To be effective, the Stock Option Plan Resolution requires the approval of a majority of the votes cast thereon by Shareholders present or represented by proxy at the Meeting. **Unless the Shareholder directs that his or her Common Shares are to be voted against the Stock Option Plan Resolution, the persons named in the Form of Proxy intend to vote FOR the Stock Option Plan Resolution.**

The text of the Stock Option Plan Resolution to be submitted to Shareholders at the Meeting is set forth below:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF HALCONES PRECIOUS METALS CORP. (THE “CORPORATION”) THAT:

- 1) the stock option plan of the Corporation in the form attached as Schedule “A” to the management information circular dated October 4, 2024 with such amendments thereto as may be made from time to time by the board of directors of the Corporation, without further approval of the shareholders of the Corporation, in order to conform with the policies or requirements of the TSX Venture Exchange or any other stock exchange on which the Corporation’s common shares are listed at such applicable time, be and is hereby ratified, confirmed and approved; and
- 2) any director and/or officer of the Corporation be and such director or officer of the Corporation is hereby authorized and empowered, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered any and all such documents and instruments and to do or to cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to fulfil the intent of this resolution.”

5. RSU/DSU Plan

The Corporation intends to implement an RSU/DSU Plan for certain eligible participants but subject to TSXV approval. A copy of the RSU/DSU Plan is attached at Schedule “C” hereto.

The following is a summary of the terms of the proposed RSU/DSU Plan, which is qualified in its entirety by the provisions of the RSU/DSU Plan.

The Board may at any time authorize the granting to eligible participants (“Participants”) the number of RSUs and/or DSUs (collectively, “**Awards**”) that it shall designate, subject to the provisions of the RSU/DSU Plan. Each grant of an Award shall specify the Performance Period and the Performance Conditions (as defined in the RSU/DSU Plan) (if any), both as defined in the RSU/DSU Plan, attached to it, and the Vesting Date, as defined in the RSU/DSU Plan, applicable to the Awards. Each Award represents the right for the Participant to receive, on vesting, either one (1) Common Share or a cash payment equal to the equivalent thereof, which shall be at the Board’s sole and absolute discretion, subject to the provisions of the RSU/DSU Plan.

The purpose of the RSU/DSU Plan is to secure for the Corporation and its shareholders the benefits of incentive inherent in share ownership by the employees, consultants, officers and directors of the Corporation and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success.

The aggregate number of Common Shares that may be reserved for issuance under the RSU/DSU Plan is limited to 12,100,000 Common Shares.

The following limits apply to the operation of the RSU/DSU Plan:

- a. the maximum aggregate number of Common Shares that are issuable pursuant to all security-based compensation of the Corporation granted or issued in any 12-month period to any one Eligible Consultant (as defined in the RSU/DSU Plan) shall not exceed 2% of the total number of issued and outstanding Common Shares of the Corporation on a non-diluted basis, calculated as at the date any security-based compensation is granted or issued to such Eligible Consultant;
- b. unless the Corporation has obtained the requisite approval of disinterested Shareholders:
 - i. the maximum aggregate number of Common Shares that are issuable pursuant to all security-based compensation granted or issued in any 12-month period to any one person shall not exceed 5% of the total number of issued and outstanding Common Shares of the Corporation on a non-diluted basis, calculated as at the date any security-based compensation is granted or issued to such person;
 - ii. the maximum aggregate number of Common Shares that are issuable pursuant to all security-based compensation granted or issued to insiders as a group shall not exceed 10% of the total number of issued and outstanding Common Shares of the Corporation on a non-diluted basis at any point in time; and
 - iii. the maximum aggregate number of Common Shares that are issuable pursuant to all security-based compensation granted or issued in any 12-month period to Insiders (as defined in the RSU/DSU Plan) as a group shall not exceed 10% of the total number of issued and outstanding Common Shares of the Corporation on a non-diluted basis, calculated as at the date any security-based compensation is granted or issued to any insider; and
- c. Awards may not be granted under the RSU/DSU Plan to persons retained to provide Investor Relations Activities (as defined in the RSU/DSU Plan).

Each Award granted to a Participant shall be evidenced by an Award Grant Agreement (as defined in the RSU/DSU Plan) with terms and conditions consistent with the RSU/DSU Plan and as approved by the Board (which terms and conditions need not be the same in each case and may be changed from time to time, subject to the RSU/DSU Plan, and any required approvals of the changes by the TSXV or such other exchange or exchanges on which the Common Shares are then traded).

The Board may, in its sole discretion, determine the time at which Awards shall vest and whether there shall be any other Performance Conditions or criteria to vesting, subject to the provisions of the RSU/DSU Plan. In the absence of any determination by the Board to the contrary at the time of grant, Awards will vest in one half (1/2) increments namely: (i) as to ½ of the Awards on the day which is the first anniversary of the grant date of the Award; and (ii) as to the remaining ½ of the Awards on the day which is the second anniversary of the grant date of the Award. The authority of the Board in respect of vesting of Awards under the RSU/DSU Plan is subject to Section 4.6 of TSXV Policy 4.4, whereby no Award may vest before the first anniversary of the grant date of such Award, subject to acceleration in certain circumstances pursuant to the provisions of the RSU/DSU Plan. Upon the Vesting Date, and subject to the provisions of the RSU/DSU Plan, RSUs shall be settled by the Corporation by a payment to the Participant in cash or in Common Shares.

Once vested in accordance with the applicable Vesting Date, and subject to the provisions of the RSU/DSU Plan, DSUs shall be settled by the Corporation by a payment to the Participant in cash or in Common Shares upon the earlier of the death, Eligible Retirement (as defined in the RSU/DSU Plan) or Termination (as defined in the RSU/DSU Plan) of the Participant.

Following receipt of payment by the Participant, the Awards so settled shall be of no value whatsoever and shall be struck from the Participant's notional account.

Subject to any contrary determination by the Board (including by the terms of the applicable Award Grant Agreement), upon the death, Eligible Retirement or Termination (for any reason whatsoever) of a Participant:

- a. any vested Award held by such Participant at the date of death, Eligible Retirement or Termination, which has not yet been settled, shall be settled within thirty (30) days of such date; and
- b. any unvested Award held by such Participant at the date of death, Eligible Retirement or Termination shall be terminated as of such date and shall not thereafter entitle such Awardee or its estate or legal representative, as applicable, to any Common Shares or cash payment.

For greater certainty, if a RSU has Performance Conditions attached to it which remain unsatisfied at the date of death, Eligible Retirement or Termination of the applicable Participant, the RSU shall be deemed to not have vested.

Any determination made by the Board shall be made in accordance with the policies of the TSXV, including without limitation, that all Awards must expire within a reasonable period, not exceeding twelve (12) months, following the date such Participant ceases to be an eligible Participant in accordance with the RSU/DSU Plan.

Notwithstanding any other provision in the RSU/DSU Plan but subject to any provision to the contrary contained in the applicable Award Grant Agreements, or other written agreement (such as an agreement of employment) between the Corporation and a Participant, if there takes place a Change of Control (as defined in the RSU/DSU Plan), all issued and outstanding Awards shall vest (whether or not then vested) and the Vesting Date shall be the date which is immediately prior to the time such Change of Control takes place, or at such earlier time as may be established by the Board, in its absolute discretion, prior to the time such Change of Control takes place.

Except in the case of a transaction that is a Change of Control, subject to any provision to the contrary contained in the applicable Award Grant Agreements, or other written agreement (such as an agreement of employment) between the Corporation and a Participant, if the Corporation amalgamates with, or is the subject of an arrangement with, another corporation, any Common Shares receivable on the vesting of an Award shall, instead, become the right to receive the securities, property or cash which the Participant would have received upon such amalgamation or arrangement if the Participant had settled his, her or its Award immediately prior to the record date applicable to such amalgamation or arrangement, and shall be adjusted equitably and appropriately by the Board. Prior to agreeing to any such amalgamation or arrangement, the Board shall take all such steps as are necessary to ensure that such other corporation honours this provision of the RSU/DSU Plan and the requirement that vested Awards be settled as aforementioned.

The Board, at its sole discretion, may elect to credit, as a bonus for services rendered in the calendar year containing the payment date for cash dividends paid on Common Shares, a Participant with additional Awards, pursuant to the RSU/DSU Plan.

The Board shall have the power to, at any time and from time to time, either prospectively or retrospectively, amend, suspend or terminate the RSU/DSU Plan or any Award granted under the RSU/DSU Plan in any manner it may choose, provided that:

- a. any amendment to the RSU/DSU Plan or any Award requires prior acceptance of the TSXV, unless

such amendment imposes additional Performance Conditions;

- b. if any amendment in respect of an Award will result in a benefit to an Insider, approval of disinterested Shareholders is required;
- c. if any amendment will result in the limits set out in the RSU/DSU Plan being exceeded, approval of disinterested Shareholders is required; and
- d. any amendment, suspension or termination is in accordance with applicable laws and the rules of any other stock exchange on which the Common Shares are listed.

If the RSU/DSU Plan is terminated, the provisions of the RSU/DSU 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 Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the RSU/DSU Plan, the Board shall remain able to make such amendments to the RSU/DSU Plan or the Awards as they would have been entitled to make if the RSU/DSU Plan were still in effect.

The resolution to approve the RSU/DSU Plan is an ordinary resolution that requires approval by a simple majority of the votes cast (in person or proxy) at the Meeting in accordance with the TSXV requirements.

Accordingly, at the Meeting, Shareholders will be asked to approve the following ordinary resolution approving the RSU/DSU Plan:

“BE IT RESOLVED THAT:

1. the RSU/DSU Plan of the Corporation, as described in the management information circular of the Corporation dated October 4, 2024, is hereby approved in its entirety;
2. the RSU/DSU Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities (including the TSXV) without requiring further approval of the shareholders of the Corporation;
3. the Corporation be and is hereby authorized to grant Awards pursuant to and subject to the terms and conditions of the RSU/DSU Plan;
4. the aggregate number of Common Shares that may be reserved for issuance under the RSU/DSU Plan is fixed and limited to 12,100,000 Common Shares;
5. the Corporation be authorized to abandon or terminate all or any part of the RSU/DSU Plan if the Board deems it appropriate and in the best interest of the Corporation to do so; and
6. any director or officer of the Corporation is hereby authorized to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the true intent of these resolutions.”

The Board recommends that the Shareholders vote in favour of the approval of the Corporation’s RSU/DSU Plan. PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE RSU/DSU PLAN UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST SUCH ORDINARY RESOLUTION.

6. Other Business

While there is no other business other than that business mentioned in the Notice to be presented for action by the Shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or

adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder. The enclosed Form of Proxy confers discretionary authority upon the persons authorized to act thereunder to vote on any modifications or amendments concerning the businesses mentioned in the Notice or any other business in accordance with his best judgment.

CORPORATE GOVERNANCE

The Corporation and the Board recognize the importance of corporate governance in effectively managing the Corporation, protecting employees and shareholders, and enhancing shareholder value.

The Board fulfills its mandate directly at regularly scheduled meetings or as required. The directors are kept informed regarding the Corporation's operations at regular meetings and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation's affairs and in light of opportunities or risks that the Corporation faces.

The Corporation believes that its corporate governance practices are in compliance with applicable Canadian requirements for TSXV listed issuers. The Corporation is committed to monitoring governance developments to ensure its practices remain current and appropriate.

Ethical Business Conduct

The Board is apprised of the activities of the Corporation and ensures that it conducts such activities in an ethical manner. The Board had not adopted a written code of business conduct and ethics, however, the Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to consultants, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary actions for violations of ethical business conduct. In particular, the Board ensure that directors exercise independent judgement in considering transactions and certain activities of the Corporation by holding in camera sessions of independent directors, when applicable, and by having each director declare his or her interest in a particular transaction and abstaining from voting on such matters, where applicable.

Code of Conduct

The Board has adopted a Code of Business Conduct and Ethics (the "**Code**") for its directors, officers, consultants and employees. The Board has responsibility for monitoring compliance with the Code by ensuring all directors, officers, consultants and employees receive and become thoroughly familiar with the Code and acknowledge their support and understanding of the Code. Any non-compliance with the Code is to be reported to the Corporation's legal counsel or chair of the Corporation's audit committee (the "**Audit Committee**").

The Board takes steps to ensure that directors, officers, consultants and employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer, consultant or employee of the Corporation has a material interest, which include ensuring that directors, officers, consultants and employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from the Corporation's directors, Chair and Chief Executive Officer ("**CEO**") regarding any potential conflicts of interest.

Whistleblower Policy

The Corporation has adopted a Whistleblower Policy that allows its directors, officers, consultants and employees who feel that a violation of the Code has occurred, or who have concerns regarding financial statement disclosure issues, accounting, internal accounting controls or auditing matters, to report such violations or concerns on a confidential and anonymous basis. Reporting a violation of the Code is done by informing a member of the Audit Committee on an anonymous basis, who then investigates each matter so reported and takes corrective and disciplinary action, if appropriate. Reporting concerns regarding financial

statement disclosure or other appropriate issues are to be forwarded in a sealed envelope to the Chairman of the Audit Committee who then investigates each matter reported and takes corrective and disciplinary action, if appropriate.

Anti-Bribery and Anti-Corruption Policy

The Corporation has adopted an Anti-Bribery and Anti-Corruption Policy that outlines the requirements that must be fulfilled by all employees, consultants, officers, and directors of the Corporation, as well as any third party working for or acting on behalf of the Corporation. These requirements include the prohibition of bribing government officials and making facilitation payments. The Anti-Bribery and Anti-Corruption Policy also provides the Corporation's employees with further clarity regarding books and records transparency, as well as the conditions with respect to gift giving to government officials, political contributions, charitable contributions, third party oversight and due diligence, internal controls and management's responsibility to promote and create awareness of the Anti-Bribery and Anti-Corruption Policy.

ABOUT THE BOARD

Independence of the Board

The Board is currently comprised of six members; their independence is as below. Following the Meeting, the Board will be comprised of Ian Parkinson, Lawrence Guy, Ben Bowen, Patricia Ferrarese, Michael Shuh and Vernon Arseneau.

Director	Independent	Reason for Non-Independence
Ian Parkinson	No	CEO and Director of the Corporation
Ben Bowen	Yes	Director of the Corporation
Patrizia Ferrarese	Yes	Director of the Corporation
Lawrence Guy	No	Executive Director
Michael Shuh	Yes	Director of the Corporation
Vernon Arseneau	No	Chief Operating Officer

To facilitate the functioning of the Board independently of management, the following structures and processes are in place:

- under the by-laws of the Corporation, any two directors may call a meeting of the Board; and
- the Board practice is to hold in-camera meetings with the independent directors at the end of each Board or committee of the Board meeting to the extent required.

Nomination of Directors

The Board is solely responsible for identifying new candidates for nomination to the Board. The process by which candidates are identified is through recommendations presented to the Board, which establishes and discusses qualifications based on corporate law and regulatory requirements as well as education and experience related to the business of the Corporation.

Board Assessments

The Board and its individual directors are assessed on an informal basis continually as to their effectiveness and contribution. The Chairman of the Board encourages discussion amongst the Board as to evaluation of the effectiveness of the Board as a whole and of each individual director. All directors are free to make suggestions for improvement of the practice of the Board at any time and are encouraged to do so.

Majority Voting Policy

The Corporation has adopted a Majority Voting Policy to provide a meaningful way for the Corporation's shareholders to hold individual directors accountable and to require the Corporation to closely examine directors that do not have the support of a majority of Shareholders. The policy provides that forms of proxy for the election of directors will permit a Shareholder to vote in favour of, or to withhold from voting, separately for each director nominee and that where a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered not to have received the support of the Shareholders, even though duly elected as a matter of corporate law. Pursuant to the policy, such a nominee will forthwith submit his or her resignation to the Board, such resignation to be effective on acceptance by the Board. The Board will then establish an advisory committee (the "**Committee**") to which it shall refer the resignation for consideration. In such circumstances, the Committee will make a recommendation to the Board as to the director's suitability to continue to serve as a director after reviewing, among other things, the results of the voting for the nominee and the Board will consider such recommendation. This policy does not apply where an election involves a proxy battle (i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board).

Orientation and Continuing Education

The Board will be responsible for ensuring that new directors are provided with an orientation and education program, which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors. Directors are expected to attend all meetings of the Board and are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Board notes that it has benefited from the experience and knowledge of individual members of the Board in respect of the evolving governance regime and principles. The Board ensures that all directors are apprised of changes in the Corporation's operations and business.

AUDIT COMMITTEE

The purposes of the Corporation's audit committee (the "**Audit Committee**") are to assist the Board's oversight of: the integrity of the Corporation's financial statements; the Corporation's compliance with legal and regulatory requirements; the qualifications and independence of the Corporation's independent auditors; and the performance of the independent auditors and the Corporation's internal audit function. Please see Schedule "B" for the Audit Committee Charter.

Audit Committee Composition

The following are the members of the Audit Committee, as at the date hereof:

Name	Independence⁽¹⁾	Financially Literacy⁽¹⁾
Michael Shuh	Independent	Financially literate
Lawrence Guy	No	Financially literate
Ben Bowen	Independent	Financially literate
Patrizia Ferrarese	Independent	Financially literate

Note:

(1) As defined by NI 52-110.

Following the Meeting, the Audit Committee shall be comprised of Lawrence Guy, Michael Shuh, Ben Bowen and Patrizia Ferrarese.

Relevant Education and Experience

All of the members of the Audit Committee have been either directly involved in the preparation of the financial statements, filing of the quarterly and annual financial statements, dealing with the auditors, or as a member of the audit committee. All members have the ability to read, analyze, and understand the complexities surrounding the issuance of financial statements. The following sets out the education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee.

Lawrence Guy: Mr. Guy is Chief Executive Officer of North 52nd Asset Management Inc. and Chair of Emerita Resources Corp. Previously, Larry was a Portfolio Manager with Aston Hill Financial Inc. Prior to Aston Hill, Mr. Guy was Chief Financial Officer and Director of Navina Asset Management Inc., a company he co-founded that was subsequently acquired by Aston Hill Financial Inc. Mr. Guy has also held senior offices at Fairway Capital Management Corp., and First Trust Portfolios Canada Inc. Mr. Guy holds a Bachelor of Arts (Economics) degree from the University of Western Ontario and is a Chartered Financial Analyst.

Michael Shuh: Mr. Shuh is a Managing Director, Investment Banking, at Canaccord Genuity. Mr. Shuh has over 20 years of investment banking experience and leads the Financial Institutions Group at Canaccord Genuity, Canada's largest independent investment bank. In addition to covering traditional financial institutions, Mr. Shuh has deep expertise in structured finance and special purpose acquisition corporations (SPACs). Mr. Shuh is also the CEO and Chairman of Canaccord Genuity Growth II Corp., a publicly-listed SPAC that raised \$100MM to pursue acquisitions. Mr. Shuh received an Honours, Bachelor of Business Administration from the Lazaridis School of Business & Economics at Wilfrid Laurier University and a Masters of Business Administration from the Richard Ivey School of Business at Western University.

Ben Bowen: Mr. Bowen has 20 years of experience building businesses in multiple sectors. After a success start to his career with Xerox Canada, Ben quickly ventured into entrepreneurship. His first venture, Seaway Document Solutions Inc, which he purchased in 2002, was acquired in 2013. He then co-founded a start-up software company where he acted as CEO, servicing the global shared workspace industry. Following an exit from the software company, Ben started consulting for Canadian based SaaS firms, with a focus on developing go-to-market strategies for recently funded companies. Since 2016, Ben has continued consulting with his latest venture, Open Door Media, which is a full stack marketing firm focused on the lifestyle industry. Ben is also a founder of Innovate Kingston.

Patrizia Ferrarese: Ms. Ferrarese has more than 20 years of experience in capital markets, entrepreneurship, and strategy consulting. She is currently Vice President (VP) of Business Design and Innovation at Investment Planning Counsel (IPC), overseeing strategic growth initiatives in wealth management. Prior to joining IPC as VP of Product Management, Ms. Ferrarese held senior roles in product management and performance optimization at Tangerine Bank and Praxair, with responsibility for strategic growth across Canada. Her management consulting experience includes engagements in South America and EMEA spanning graphite, oil and gas, and potash industries focused on identifying new market opportunities. Her career includes equity and options market making and trading in North America, culminating in portfolio and commodity trading manager roles as co-founder of an investment management company. Beyond her professional career, Ms. Ferrarese mentors case competition teams at the Rotman School of Management and is an Advisor with Catalyste+. Ms. Ferrarese holds a Doctorate in Business Administration from SDA Bocconi, an MBA from Wilfrid Laurier University, and a Bachelor of Arts (Honours) in Economics from York University.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on either (a) an exemption in section 2.4 of National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators (the "Instrument"); or (b) an exemption from the Instrument, in whole or in part, granted under Part 8 (Exemptions) of the Instrument. As the Corporation is listed on the TSX Venture Exchange, it is relying on the exemption provided in section 6.1 of the Instrument in respect of part 5 (Reporting Obligations) of the Instrument.

External Auditor

The following table sets out the audit and audit-related fees billed by the Corporation's auditors for the years ended December 31, 2023 and 2022.

Service	December 31, 2023	December 31, 2022
Audit Fees	\$41,143	\$38,673
Audit-Related Fees ⁽¹⁾	\$nil	\$8,500
Tax Fees ⁽²⁾	\$9,095	\$19,910
Other Fees ⁽³⁾	\$nil	\$24,500
Total:	\$50,238	91,583

Notes:

- (1) Fees charged for review of the financial statements
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) All other fees represent amounts paid for qualifying transaction consent and auditors technology fee.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Compensation of Directors

The Board determines the compensation payable to the directors of the Corporation and reviews such compensation periodically throughout the year. For their role as directors of the Corporation, each director of the Corporation who is not a Named Executive Officer (as defined herein) may, from time to time, be awarded stock options under the provisions of the Stock Option Plan. There are no other arrangements under which the directors of the Corporation who are not Named Executive Officers were compensated by the Corporation or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Corporation.

Compensation of Named Executive Officers

For the financial year ended December 31, 2023, the objectives of the Corporation's compensation strategy was to ensure that compensation for its NEOs (as defined herein) is sufficiently attractive to recruit, retain and motivate high performing individuals to assist the Corporation in achieving its goals.

The process for determining executive compensation is relatively informal, in view of the size and stage of the Corporation and its operations. Executive officers are involved in the process and make recommendations to the Board which considers approves the discretionary components (e.g. cash bonuses) of the annual compensation of senior management. Except as otherwise described below, the Corporation does not maintain specific performance goals or use benchmarks in determining the

compensation of executive officers. The Board may at its discretion award either a cash bonus or stock options for high achievement or for accomplishments that the Board deem as worthy of recognition.

Compensation for the NEOs is composed primarily of three components: base fees, performance bonuses and stock based compensation. In establishing the levels of base fees, performance bonuses and the award of stock options, the Board takes into consideration a variety of factors, including the financial and operating performance of the Corporation, and each NEO's individual performance and contribution towards meeting corporate objectives, responsibilities and length of service.

Salary

Amounts paid to executive officers as base salary, including merit salary increases, are determined in accordance with an individual's performance and salaries in the marketplace for comparable positions. However, certain of the NEOs provide their services in similar capacities to other reporting issuers, in addition to the Corporation. There is no mandatory framework that determines which of these factors may be more or less important and the emphasis placed on any of these factors may vary among the executive officers. The determination of base salaries relies principally on negotiations between the respective NEO and the Corporation and is therefore heavily discretionary.

Bonus

The Corporation's cash bonus awards are designed to reward an executive for the direct contribution which he or she can make to the Corporation. NEOs are entitled to receive discretionary bonuses from time to time as determined or approved by the Board, upon the recommendation of the Chief Executive Officer, as applicable. The Corporation does not currently prescribe a set of formal objective measures to determine discretionary bonus entitlements. Rather the Corporation uses informal goals which may include an assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Corporation. Precise goals or milestones are not pre-set by the Board.

Security Compensation

As of the Record date the Corporation's Stock Option Plan provides for the granting of stock options to directors, officers and employees. The purpose of the Stock Option Plan is to attract, retain and motivate individuals with the requisite training, experience and leadership to carry out key roles with the Corporation, to advance the interests of the Corporation by providing such individuals with appropriate compensation and to strengthen the alignment of the option holders' interest with the interests of Shareholders.

Indebtedness of Directors and Officers

As at the date of this Circular, and during the financial year ended December 31, 2023, no director or executive officer of the Corporation or Nominee (as defined herein) (and each of their associates and/or affiliates) was indebted, including under any securities purchase or other program, to (i) the Corporation or its subsidiaries, or (ii) any other entity which is, or was at any time during the financial year ended December 31, 2023 the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiaries.

Directors' and Officers' Insurance and Indemnification

The Corporation maintains insurance for the benefit of its directors and officers against liability in their respective capacities as directors and officers. The Corporation has purchased in respect of directors and officers an aggregate of \$5,000,000 in coverage. The approximate amount of premiums paid by the Corporation during the financial year ended December 31, 2023, in respect of such insurance was \$17,820.

The Corporation has not, as yet, adopted a policy restricting its Named Executive Officers or directors from purchasing instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designated to hedge or offset a decrease in market value of

equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officers or directors.

In light of the Corporation's size, the Board does not deem it necessary to consider at this time the implications of the risks associated with its compensation policies and practices.

Summary Compensation Table

The following table summarizes the compensation paid or accrued during the two most recently completed financial years in respect of the individuals who were carrying out the role of the CEO and Chief Financial Officer (“**CFO**”) of the Corporation and those individuals whose total compensation is greater than \$150,000 (collectively, the “**Named Executive Officers**” or “**NEOs**”) and each of the directors of the Corporation.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Ian Parkinson, <i>CEO and Director</i>	2023	\$165,000	\$nil	\$nil	\$nil	\$nil	\$165,000
	2022	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Paul Pint, <i>Former CEO and Director⁽²⁾</i>	2023	\$67,500	\$nil	\$nil	\$nil	\$nil	\$67,500
	2022	\$90,000	\$nil	\$nil	\$nil	\$nil	\$90,000
Greg Duras <i>Chief Financial Officer</i>	2023	\$80,973	\$nil	\$nil	\$nil	\$nil	\$80,973
	2022	\$77,774	\$nil	\$nil	\$nil	\$nil	\$77,774
Vernon Arseneau <i>Chief Operating Officer and Director</i>	2023	\$162,050	\$nil	\$nil	\$nil	\$nil	\$162,050
	2022	\$156,883	\$nil	\$nil	\$nil	\$nil	\$156,883
David Gower <i>Former Director⁽²⁾</i>	2023	\$121,070	\$nil	\$nil	\$nil	\$nil	\$121,070
	2022	\$156,220	\$nil	\$nil	\$nil	\$nil	\$156,220
Lawrence Guy <i>Director</i>	2023	\$162,023	\$nil	\$nil	\$nil	\$nil	\$162,023
	2022	\$156,904	\$nil	\$nil	\$nil	\$nil	\$156,904
Michael Shuh <i>Director</i>	2023	\$50,000	\$nil	\$nil	\$nil	\$nil	\$50,000
	2022	\$13,889	\$nil	\$nil	\$nil	\$nil	\$13,889
Patrizia Ferrarese <i>Director</i>	2023	\$50,000	\$nil	\$nil	\$nil	\$nil	\$50,000
	2022	\$13,889	\$nil	\$nil	\$nil	\$nil	\$13,889
Ben Bowen <i>Director</i>	2023	\$50,000	\$nil	\$nil	\$nil	\$nil	\$50,000
	2022	\$13,889	\$nil	\$nil	\$nil	\$nil	\$13,889

Notes:

- (1) Compensation has been paid as consulting fees under the independent contractor agreement with the Named Executive Officer as described under the heading “Executive Compensation – Termination of Employment, Change in Responsibilities and Employment Contracts” of this Circular.
- (2) Paul Pint and David Gower did not stand for re-election as directors of the Corporation at the Corporation’s AGM held on October 2, 2023.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each NEO and director by the Corporation for services provided or to be provided, directly or indirectly, to the Corporation in the most recently completed financial year.

Compensation Securities							
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
Ian Parkinson, <i>CEO and Director</i>	Stock options	1,000,000	Jan 26, 2023	0.20	0.145	0.05	Jan 26, 2028
	Stock options	1,000,000	Oct 11, 2023	0.10	0.065		Oct 11, 2028
Paul Pint, <i>Former CEO and Director⁽¹⁾</i>	Stock options	500,000	Jan 26, 2023	0.20	0.145	0.05	Jan 26, 2028
	Stock options	250,000	Oct 11, 2023	0.10	0.065		Oct 11, 2028
Greg Duras <i>Chief Financial Officer</i>	Stock options	800,000	Jan 26, 2023	0.20	0.145	0.05	Jan 26, 2028
	Stock options	250,000	Oct 11, 2023	0.10	0.065		Oct 11, 2028
Vernon Arseneau <i>Chief Operating Officer and Director</i>	Stock options	800,000	Jan 26, 2023	0.20	0.145	0.05	Jan 26, 2028
	Stock options	1,000,000	Oct 11, 2023	0.10	0.065		Oct 11, 2028
David Gower <i>Former Director⁽¹⁾</i>	Stock options	800,000	Jan 26, 2023	0.20	0.145	0.05	Jan 26, 2028
	Stock options	550,000	Oct 11, 2023	0.10	0.065		Oct 11, 2028
Lawrence Guy <i>Director</i>	Stock options	800,000	Jan 26, 2023	0.20	0.145	0.05	Jan 26, 2028
	Stock options	550,000	Oct 11, 2023	0.10	0.065		Oct 11, 2028
Michael Shuh <i>Director</i>	Stock options	500,000	Jan 26, 2023	0.20	0.145	0.05	Jan 26, 2028
	Stock options	250,000	Oct 11, 2023	0.10	0.065		Oct 11, 2028
Patrizia Ferrarese <i>Director</i>	Stock options	500,000	Jan 26, 2023	0.20	0.145	0.05	Jan 26, 2028
	Stock options	250,000	Oct 11, 2023	0.10	0.065		Oct 11, 2028
Ben Bowen <i>Director</i>	Stock options	500,000	Jan 26, 2023	0.20	0.145	0.05	Jan 26, 2028
	Stock options	250,000	Oct 11, 2023	0.10	0.065		Oct 11, 2028

Notes:

- (1) Paul Pint and David Gower did not stand for re-election as directors of the Corporation at the Corporation’s AGM held on October 2, 2023.

Exercise of Compensation Securities

During the most recently completed financial year, no NEO or director of the Corporation exercised any compensation securities.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a)) as of December 31, 2022
Equity compensation plans approved by security holders	14,470,000	\$0.15	652,004
Equity compensation plans not approved by security holders	N/A	N/A	N/A
TOTAL	14,470,000	\$0.15	652,004

Employment, Consulting and Management Agreements

The following describes the respective consulting and employment agreements entered into by the Corporation and its NEOs as of the date hereof.

Name	Monthly Fees	Severance on Termination	Severance on Change of Control ⁽¹⁾
Ian Parkinson, <i>CEO and Director</i>	\$15,000	Twelve (12) months' fees	Twenty-four (24) months base fees plus aggregate cash bonuses paid in the Twenty-four (24) months prior to the Change of Control.
Greg Duras, <i>Chief Financial Officer</i>	US\$5,000	Twelve (12) months fees	Twenty-four (24) months base fees plus aggregate cash bonuses paid in the Twenty-four (24) months prior to the Change of Control.
Vernon Arseneau <i>Chief Operating Officer and Director</i>	US\$10,000	Twelve (12) months fees	Twenty-four (24) months base fees plus aggregate cash bonuses paid in the Twenty-four (24) months prior to the Change of Control.
David Gower <i>Consultant and Former Director⁽²⁾</i>	US\$10,000	Twelve (12) months fees	Twenty-four (24) months base fees plus aggregate cash bonuses paid in the Twenty-four (24) months prior to the Change of Control.
Lawrence Guy <i>Director</i>	US\$10,000	Twelve (12) months fees	Twenty-four (24) months base fees plus aggregate cash bonuses paid in the Twenty-four (24) months prior to the Change of Control.

Notes:

- (1) Severance upon a change of control becomes payable in the event of a Change of Control of the Corporation and within one year following the date of the Change of Control the Corporation either terminates the executive officer's appointment or alters the executive officer's position and/or responsibilities in a materially adverse manner.
- (2) David Gower did not stand for re-election as a director of the Corporation at the Corporation's AGM held on October 2, 2023.

For the purpose of the agreements set forth above, "Change of Control" shall mean the occurrence of any one or more of the following events: (1) the acquisition, directly or indirectly, by any person (person being defined as an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the *Canada Business Corporations Act*) or group of persons acting jointly or in concert, as such terms are

defined in the Securities Act, Ontario of: (A) shares or rights or options to acquire shares of the Corporation or securities which are convertible into shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise thirty percent (30%) or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation; (B) shares or rights or options to acquire shares, or their equivalent, of any material subsidiary of the Corporation or securities which are convertible into shares of the material subsidiary or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise thirty percent (30%) or more of the votes entitled to be cast a meeting of the shareholders of the material subsidiary; or (C) other than in the ordinary course of business of the Corporation, more than thirty percent (30%) of the material assets of the Corporation, including the acquisition of more than thirty percent (30%) of the material assets of any material subsidiary of the Corporation; or (2) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its Affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Board do not constitute a majority of the Board;

Summary of Termination Payments

The estimated incremental payments, payables and benefits that might be paid to the officers pursuant to the above noted agreements in the event of termination without cause or after a Change of Control (assuming such termination or Change of Control is effective as of the Record Date) are detailed below:

Named Executive Officer	Termination not for Cause (\$)	Termination on a Change of Control Approved (\$)
Ian Parkinson		
Salary and Quantified Benefits	\$180,000	\$360,000
Bonus	N/A	\$0
Total	\$180,000	\$360,000
Greg Duras		
Salary and Quantified Benefits	USD\$60,000	USD\$120,000
Bonus	N/A	\$0
Total	\$79,356	\$158,712
Vernon Arseneau		
Salary and Quantified Benefits	USD\$120,000	USD\$240,000
Bonus	N/A	\$nil
Total	\$158,712	\$317,424
Lawrence Guy		
Salary and Quantified Benefits	USD\$120,000	USD\$240,000
Bonus	N/A	\$nil

Named Executive Officer	Termination not for Cause (\$)	Termination on a Change of Control Approved (\$)
Total	\$158,712	\$317,424
David Gower		
Salary and Quantified Benefits	USD\$120,000	USD\$240,000
Bonus	N/A	\$nil
Total	\$158,712	\$317,424

Interest of Informed Persons in Material Transactions

No person who has been a director or executive officer of the Corporation, nor any proposed nominee for director of the Corporation, nor any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than ten percent (10%) of the issued and outstanding Common Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of the Corporation's last completed financial year or proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

ADDITIONAL INFORMATION AND CONTACT INFORMATION

Additional information relating to the Corporation may be found under the profile of the Corporation on SEDAR at www.sedarplus.ca. Additional financial information is provided in the Corporation's audited financial statements and related management's discussion and analysis for the financial year ended December 31, 2023, which can be found under the profile of the Corporation on SEDAR+. Shareholders may also request these documents from the Company by email to info@halconespreciousmetals.com.

Board of Directors Approval

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Ian Parkinson"

Chief Executive Officer

Toronto, Ontario
October 4, 2024

SCHEDULE “A”

**HALCONES PRECIOUS METALS CORP.
(the “Company”)**

STOCK OPTION PLAN

**ARTICLE 1
PURPOSE AND INTERPRETATION**

1.1 Purpose

The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSX Venture Policies (as defined herein) (or, if applicable, NEX Policies) and any inconsistencies between this Plan and TSX Venture Policies (or, if applicable, NEX Policies) will be resolved in favour of the latter.

1.2 Definitions

In this Plan

- (a) **“Affiliate”** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **“Associate”** has the meaning set out in the Securities Act;
- (c) **“Black-out Period”** means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company’s insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) **“Board”** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **“Cause”** means “Just Cause” as defined in the Participant’s employment agreement or agreement for services with the Company or one of its Affiliates, or if such term is not defined or if the Participant has not entered into an employment agreement or agreement for services with the Company or one of its Affiliates, then any circumstance that would permit the Company to terminate a Participant’s employment or agreement for services without notice of termination, or payment in lieu of notice of termination, severance pay or benefits continuation under the applicable law;
- (f) **“Change of Control”** means the occurrence of any of:
 - (i) any transaction at any time and by whatever means pursuant to which any person or any group of two or more persons acting jointly or in concert (other than the Company or any of its affiliates or subsidiary) thereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Business Corporations Act* (Ontario)) of, or acquires the right to exercise control or direction over, securities of the Company representing 50% or more of the then issued and outstanding voting securities of the Company in any manner whatsoever, including, without limitation, as a result of a take-over bid, an issuance or exchange of securities, an

amalgamation of the Company with any other person, an arrangement, a capital reorganization or any other business combination or reorganization

- (ii) the sale, assignment or other transfer of all or substantially all of the assets of the Company to a person or any group of two or more persons acting jointly or in concert (other than a wholly-owned subsidiary of the Company);
 - (iii) the occurrence of a transaction requiring approval of the Company's security holders whereby the Company is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any person or any group of two or more persons acting jointly or in concert (other than an exchange of securities with a wholly-owned subsidiary of the Company);
 - (iv) a majority of the Board consists of individuals which management of the Company has not nominated for election or appointment as directors; or
 - (v) the Board passes a resolution to the effect that an event comparable to an event set forth in this definition has occurred;
- (g) **“Common Shares”** means the common shares without par value in the capital of the Company providing such class is listed on the TSX Venture or Toronto Stock Exchange (or, NEX, as the case may be);
- (h) **“Company”** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (i) **“Consultant”** means, in relation to the Company, an individual (other than a Director, Officer or Employee of the Company or any of its subsidiaries) or Company that:
- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to any of its subsidiaries, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Company or any of its subsidiaries and the individual or the Company, as the case may be; and
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or of any of its subsidiaries;
- (j) **“Consultant Company”** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (k) **“Date of Termination”** means, for a Service Provider, the last day that the Service Provider actively provides services to the Company without regard to any notice of termination or pay in lieu of notice thereof, deemed or notional notice period, or period during which the Service Provider receives pay in lieu of notice, termination pay, severance payments, or salary continuance, whether pursuant to statute, agreement, common law or otherwise;
- (l) **“Director”** means a director (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (m) **“Discounted Market Price”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;

- (n) **“Disinterested Shareholder Approval”** means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;
- (o) **“Distribution”** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (p) **“Effective Date”** for an Option means the date of grant thereof by the Board;
- (q) **“Employee”** means:
 - (i) an individual who is considered an employee of the Company or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
 - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source;
- (r) **“Exchange Hold Period”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (s) **“Exercise Price”** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (t) **“Expiry Date”** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (u) **“Insider”** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (v) **“Investor Relations Activities”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (w) **“Management Company Employee”** means an individual employed by a company providing management services to the Company which services are required for the ongoing successful operation of the business enterprise of the Company;
- (x) **“Market Price”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (y) **“NEX”** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;
- (z) **“NEX Policies”** means the rules and policies of NEX as amended from time to time;
- (aa) **“Officer”** means an officer (as defined under applicable securities laws) of the Company or any of its subsidiaries;

- (bb) **“Option”** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (cc) **“Option Commitment”** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule “A” attached hereto;
- (dd) **“Optioned Shares”** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (ee) **“Optionee”** means the recipient of an Option hereunder;
- (ff) **“Outstanding Shares”** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (gg) **“Participant”** means a Service Provider that becomes an Optionee;
- (hh) **“Person”** includes a company, any unincorporated entity, or an individual;
- (ii) **“Plan”** means this stock option plan, the terms of which are set out herein or as may be amended;
- (jj) **“Plan Shares”** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;
- (kk) **“Regulatory Approval”** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (ll) **“Securities Act”** means the *Securities Act*, R.S.O. 1990, c. S.5, or any successor legislation;
- (mm) **“Service Provider”** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Consultant Company, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (nn) **“Share Compensation Arrangement”** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;
- (oo) **“Shareholder Approval”** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders’ meeting;
- (pp) **“Take Over Bid”** means a take over bid as defined in National Instrument 62-104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Company;
- (qq) **“TSX Venture”** means the TSX Venture Exchange and any successor thereto;
- (rr) **“TSX Venture Policies”** means the rules and policies of the TSX Venture as amended from time to time; and
- (ss) **“VWAP”** means the volume weighted average trading price of the Company’s Common Shares on the TSX Venture calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Option.

1.3 Other Words and Phrases

Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, NEX Policies).

1.4 Gender

Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

ARTICLE 2

STOCK OPTION PLAN

2.1 Establishment of Stock Option Plan

The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

2.2 Maximum Plan Shares

The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the TSX Venture Policies (and, if applicable, NEX Policies).

2.3 Eligibility

Options to purchase Common Shares may be granted hereunder to Service Providers of the Company, or its affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

2.4 Options Granted Under the Plan

All Options granted under the Plan will be evidenced by an Option Commitment in substantially in the form attached as Schedule “A” (or in such other form as determined by the Company), showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

2.5 Limitations on Issue

Subject to Section 2.9, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Options, together with any other Share Compensation Arrangements, granted to all Service Providers conducting Investor Relations Activities in

any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or NEX, as the case may be); and

- (c) the aggregate number of Options, together with any other Share Compensation Arrangements, granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or the NEX, as the case may be).

2.6 Exercised and Unexercised Options

In the event an Option granted under the Plan is exercised, expires unexercised or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

2.7 Administration of the Plan

The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder; and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

2.8 Amendment of the Plan by the Board of Directors

Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

- (a) amendments which are of a typographical, grammatical, clerical nature only;
- (b) amendments of a housekeeping nature;
- (c) changes to the vesting provisions of an Option granted hereunder, subject to prior written approval of the TSX Venture, if applicable;
- (d) changes to the termination provision of an Option granted hereunder which does not entail an extension beyond the lesser of the original Expiry Date of such Option or 12 months from termination;
- (e) amendments necessary as a result in changes in securities laws applicable to the Company or any requested changes by the TSX Venture;

- (f) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, amendments as may be required by the policies of such senior stock exchange or stock market; and
- (g) such amendments as reduce, and do not increase, the benefits of this Plan to Service Providers.

2.9 Amendments Requiring Disinterested Shareholder Approval

The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
 - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
 - (ii) the number of Optioned Shares issued to Insiders within any 12-month period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares; or,
 - (iii) the issuance to any one Optionee, within any 12-month period, of a number of Common Shares exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider, or the extension of the term of an Option, if the Participant is an Insider at the time of the proposed amendment.

2.10 Options Granted Under the Company's Previous Stock Option Plans

Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

ARTICLE 3

TERMS AND CONDITIONS OF OPTIONS

3.1 Exercise Price

The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

3.2 Term of Option

The term of an Option will be set by the Board at the time such Option is allocated under the Plan. An Option can be exercisable for a maximum of 10 years from the Effective Date.

3.3 Option Amendment

Subject to Section 2.9(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Section 3.2 except as provided under TSX Venture Policies, any proposed amendment to the terms of an Option must comply with the TSX Venture Policies and be approved by the TSX Venture prior to the exercise of such Option.

3.4 Vesting of Options

Subject to Section 3.5, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

3.5 Vesting of Options Granted to Consultants Conducting Investor Relations Activities

Notwithstanding Section 3.4, Options granted to Consultants conducting Investor Relations Activities will vest such that:

- (a) no more than 25% of the Options vest no sooner than three months after the Options were granted;
- (b) no more than another 25% of Options vest no sooner than six months after the Options were granted;
- (c) no more than 25% of Options vest no sooner than nine months after the Options were granted; and
- (d) the remainder of the Options vest no sooner than 12 months after the Options were granted.

3.6 Effect of Take-Over Bid

If a Take Over Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding Section 3.4 and Section 3.5 or any vesting requirements set out in the Option Commitment, be immediately exercised in whole or in part by the Optionee, subject to approval of the TSX Venture (or the NEX, as the case may be) for vesting requirements imposed by the TSX Venture Policies.

3.7 Acceleration of Vesting on Change of Control

In the event of a Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the occurrence of the Change of Control, excluding Options granted to a Person engaged in Investor Relations Activities.

3.8 Extension of Options Expiring During Blackout Period

Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall, subject to approval of the TSX Venture (or the NEX, as the case may be), be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be

considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding Section 2.7, the tenth Business Day period referred to in this Section 3.8 may not be extended by the Board.

3.9 Optionee Ceasing to be Director, Employee or Service Provider

Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Termination Date, and only to the extent that such Option was vested at the Termination Date; and
- (c) in the case of an Optionee being dismissed from employment or service for Cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate on the Termination Date without right to exercise same.

3.10 Non Assignable

Subject to Section 3.9(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

3.11 Adjustment of the Number of Optioned Shares

The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation,

merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.11;

- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this Section 3.11, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company;
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.11, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Toronto, Ontario (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees; and
- (h) any adjustment, other than in connection with a security consolidation or security split, to Options granted or issued under the Plan is subject to the prior acceptance of the TSX Venture, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES

4.1 Option Commitment

Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

4.2 Manner of Exercise

An Optionee who wishes to exercise his Option may do so by delivering:

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to Section 4.4.

4.3 Cashless Exercise

Subject to the provisions of the Plan (including, without limitation, Section 4.4), once an Option has vested and become exercisable, an Optionee may elect to exercise such Option by either:

- (a) excluding Options held by any Investor Relations Service Provider, a “net exercise” procedure in which the Company issues to the Optionee, Common Shares equal to the number determined by dividing (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject Options by (ii) the VWAP of the underlying Common Shares; or
- (b) a broker assisted “cashless exercise” in which the Company delivers a copy of irrevocable instructions to a broker engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding obligations a determined by the Company against delivery of the Common Shares to settle the applicable trade.

An Option may be exercised pursuant to this Section 3.4 from time to time by delivery to the Company, at its head office or such other place as may be specified by the Company of (i) written notice of exercise specifying that the Optionee has elected to effect such a cashless exercise of such Option, the method of cashless exercise, and the number of Options to be exercised and (ii) the payment of an amount for any tax withholding or remittance obligations of the Optionee or the Company arising under applicable law and verified by the Company to its satisfaction (or by entering into some other arrangement acceptable to the Company in its discretion, if any). The Participant shall comply with Section 4.4 of this Plan with regard to any applicable required withholding obligations and with such other procedures and policies as the Company may prescribe or determine to be necessary or advisable from time to time including prior written consent of the Board in connection with such exercise.

4.4 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in Section 4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

4.5 Delivery of Optioned Shares and Hold Periods

As soon as practicable after receipt of the notice of exercise described in Section 4.2 or Section 4.3 as applicable, and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. An Exchange Hold Period will be applied from the date of grant for all Options granted to:

- (a) Insiders of the Company; or
- (b) where Options are granted to any Service Provider, including Insiders, where the Exercise Price is at a discount to the Market Price.

Pursuant to TSX Venture Policies, where the Exchange Hold Period is applicable, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month Exchange Hold Period commencing the date of the Option Commitment.

ARTICLE 5 GENERAL

5.1 Employment and Services

Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

5.2 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

5.3 Interpretation

The Plan will be governed and construed in accordance with the laws of the Province of Ontario.

5.4 Continuation of Plan

The Plan will become effective from and after the date first set out above, and will remain effective provided that the Plan, or any amended version thereof, receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to such effective date.

5.5 Amendment of the Plan

The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

SCHEDULE "A"
STOCK OPTION PLAN
OPTION COMMITMENT

Notice is hereby given that, effective this _____ day of _____, _____ pursuant to the provisions of the Stock Option Plan (the "**Plan**") of Halcones Precious Metals Corp. (the "**Company**"), the Company has granted to _____ (the "**Optionee**"), an Option to acquire _____ Common Shares ("Optioned Shares") up to 5:00 p.m. (Toronto Time) on the _____ day of _____, _____ (the "**Expiry Date**"), or such earlier date as determined in accordance with the terms of the Plan, at an Exercise Price of Cdn\$ _____ per share.

[Optioned Shares are to vest immediately.]

OR

[Optioned Shares will vest (*INSERT VESTING SCHEDULE AND TERMS*)]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and form part hereof. This Option Commitment and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Commitment is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

To exercise the Option, (1) deliver a written notice in the form attached as Schedule "B to the Plan (or in such other form as established by the Company) specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate exercise price, or (2) if the Optionee wishes to exercise the Option on a "net exercise" basis or "cashless exercise" basis in accordance Section 4.3(a) or Section 4.3(b) of the Plan and the Company's Board of Directors approves the exercise on a "net exercise" basis or "cashless exercise" basis, deliver a written notice and comply with such other conditions as established by the Company for a "net exercise" or "cashless exercise". A certificate, or written notice in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the Company or its transfer agent, if applicable, as soon as practicable thereafter and may bear a restrictive legend if required under applicable securities laws or the policies of the TSX Venture Exchange.

[Note: If a four month hold period is applicable under the policies of the TSX Venture Exchange, the following legend must be placed on the certificate or the written notice in the case of uncertificated shares.

"WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [*insert date 4 months from the date of grant*"]."

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture Exchange (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture Exchange (or the NEX, as the case may be) on the date of this Option Commitment.

HALCONES PRECIOUS METALS CORP.

Authorized Signatory

[Insert name of Optionee]

The Optionee acknowledges receipt of a copy of the Plan and represents to the Company that the Optionee is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Optionee agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by applicable regulatory authorities.

Signature of Optionee:

Date signed:

Signature

Print Name

Address

SCHEDULE "B"
TO STOCK OPTION PLAN

HALCONES PRECIOUS METALS CORP..
[insert address]

Re: Employee Stock Option Exercise

Attn: Stock Option Plan Administrator, HALCONES PRECIOUS METALS CORP. (the "Company")

This letter is to inform HALCONES PRECIOUS METALS CORP. that I, _____, wish to exercise _____ options, at _____ per share, on this _____ day of _____, 202____.

Payment issued in favour of HALCONES PRECIOUS METALS CORP. for the amount of \$ _____ will be forwarded, including withholding tax amounts.

Please register the share certificate in the name of:

Name of Optionee: _____

Address: _____

Please send share certificate to:

Name: _____

Address: _____

Sincerely,

Signature of Optionee

Date

SIN Number (for T4)

SCHEDULE "B"

HALCONES PRECIOUS METALS CORP.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE OF THIS CHARTER

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of Halcones Precious Metals Corp. (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- a) conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- c) ensure that there is an appropriate standard of corporate conduct for senior financial personnel and employees including, if necessary, adopting a corporate code of ethics;
- d) review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and in the case of the annual financial statements and related management's discussion and analysis, report thereon to the Board for approval of same;
- e) select and monitor the independence and performance of the Corporation's external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- f) provide oversight of all disclosure relating to, and information derived from, financial statements, management's discussion and analysis and information.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 4 of this Charter.

2. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

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

3. COMPOSITION AND MEETINGS

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission ("**OSC**"), the TSX Venture Exchange, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.

- a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair. The position description and responsibilities of the Chair are set out in Schedule "A" attached hereto.
- b) A majority of the Committee shall be "independent" and each member of the Committee shall be "financially literate". An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which, in the view of the Board of Directors of the Corporation, could be reasonably expected to interfere with the exercise of the director's independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — *Audit Committees*, as set out in Schedule "B" hereto. A "financially literate" director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can be reasonably expected to be raised in the Corporation's financial statements.
- c) Each member of the Committee shall sit at the appointment of the Board of Directors. The Committee shall report to the Board of Directors.
- d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present, either in person or by telephone, shall constitute a quorum.
- e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- f) If, and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- i) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- j) The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
- k) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the

Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation, other than those relating to non-audit services and annual audit fees which do not require the approval of the Board.

- l) The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.
- m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

4. RESPONSIBILITIES

a) Financial Accounting and Reporting Process and Internal Controls

- i) The Committee shall review the annual audited and interim financial statements and related management's discussion and analysis before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related management's discussion and analysis, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- ii) The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.
- iii) The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases, and periodically assess the adequacy of these procedures.
- iv) The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
- v) The Committee shall meet no less than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
- vi) The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

- (vii) The Committee shall provide oversight of the Corporation's policies, procedures and practices with respect to the maintenance of the books, records and accounts, and the filing of reports, by the Corporation with respect to third party payments in compliance with the *Corruption of Foreign Public Officials Act* (Canada), the *Extractive Sector Transparency Measures Act* (Canada) and similar applicable laws.
- viii) The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- ix) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel and all employees.
- x) The Committee shall establish and monitor procedures for:
 - the receipt, retention and treatment of complaints received by the Corporation regarding: (a) accounting, internal accounting controls or auditing matters; or (b) violations of the Corporation's policies including the Code of Business Conduct and Ethics; Anti-Bribery and Anti-Corruption Policy; and Corporate Disclosure, Confidentiality and Insider Trading Policy; and
 - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters or violations of any of the Corporation's policies (as described above).
- xi) The Committee shall provide oversight to related party transactions entered into by the Corporation.
- xii) The Committee shall establish the budget process, which shall include the setting of spending limits and authorizations, as well as periodic reports from the Chief Financial Officer comparing actual spending to the budget.
- xiii) The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

b) Independent Auditors

- i) The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors' report directly to the Committee.
- ii) The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- iii) The pre-approval of the Committee shall be required as further set out in Schedule "C" prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.
- iv) The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
- v) The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.

- vi) The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
- vii) The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
- viii) The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
- ix) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
- x) The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.
- xi) The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

c) Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

SCHEDULE "A"

HALCONES PRECIOUS METALS CORP. POSITION DESCRIPTION FOR THE CHAIRMAN OF THE AUDIT COMMITTEE

1. PURPOSE

The Chairman of the Audit Committee of the Board shall be an independent director who is elected by the Board to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation.

2. WHO MAY BE CHAIRMAN

The Chairman will be selected from amongst the independent directors of the Corporation who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chairman:

- a) chairing all meetings of the Committee in a manner that promotes meaningful discussion;
- b) ensuring adherence to the Committee's Charter and that the adequacy of the Committee's Charter is reviewed annually;
- c) providing leadership to the Committee to enhance the Committee's effectiveness, including:
 - i) providing the information to the Board relative to the Committee's issues and initiatives and reviewing and submitting to the Board an appraisal of the Corporation's independent auditors and internal auditing functions;
 - ii) ensuring that the Committee works as a cohesive team with open communication, as well as ensuring open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial and control matters;
 - iii) ensuring that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
 - iv) ensuring that the Committee serves as an independent and objective party to monitor the Corporation's financial reporting process and internal control systems, as well as to monitor the relationship between the Corporation and the independent auditors to ensure independence;
 - v) ensuring that procedures are in place to assess the audit activities of the independent auditors and the internal audit functions;
 - vi) ensuring that procedures are in place to review the Corporation's public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Corporation;
 - vii) ensuring that clear hiring policies are put in place for partners and employees of the auditors;
- d) ensuring that procedures are in place for dealing with complaints received by the Corporation regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns, ensuring the establishment of a budget process, which shall include the setting of spending limits and authorizations and periodical reports from the Chief Financial Officer of actual spending as compared to the budget regarding questionable accounting or auditing matters; and

- e) managing the Committee, including:
 - i) adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - ii) preparing the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - iii) ensuring meetings are appropriate in terms of frequency, length and content;
 - iv) obtaining and reviewing with the Committee an annual report from the independent auditors, and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
 - v) overseeing the Committee's participation in the Corporation's accounting and financial reporting process and the audits of its financial statements;
 - vi) ensuring that the auditor's report directly to the Committee, as representatives of the Corporation's shareholders; and
 - vii) annually reviewing with the Committee its own performance.

SCHEDULE "B"

HALCONES PRECIOUS METALS CORP. NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES ("NI 52-110")

Section 1.4 — Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
- (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 — Additional Independence Requirements for Audit Committee Members

- (1) Despite any determination made under section 1.4 of NI 52-110, an individual who
- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities,
- is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

SCHEDULE "C"

**HALCONES PRECIOUS METALS CORP.
Procedures for Approval of Non-Audit Services**

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
 - (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (c) actuarial services;
 - (d) internal audit outsourcing services;
 - (e) management functions;
 - (f) human resources;
 - (g) broker or dealer, investment adviser or investment banking services;
 - (h) legal services; and
 - (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Corporation's accounting standards, from time to time determines is impermissible.

2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

SCHEDULE “C”

RESTRICTED SHARE UNIT AND DEFERRED SHARE UNIT PLAN

HALCONES PRECIOUS METALS CORP.

(the “**Company**”)

RESTRICTED SHARE UNIT AND DEFERRED SHARE UNIT PLAN

(the “**RSU/DSU Plan**”)

October 4, 2024

PART 1 INTRODUCTION

1.1 Purpose

The purpose of this RSU/DSU Plan is to secure for the Company and its shareholders (“**Shareholders**”) the benefits of incentive inherent in share ownership by the employees, consultants, officers and directors of the Company and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success.

1.2 Definitions

- (a) “**Affiliate**” has the meaning ascribed to such term in TSXV Policy 1.1, as may be amended from time to time.
- (b) “**Associate**” has the meaning ascribed to such term in TSXV Policy 1.1, as may be amended from time to time.
- (c) “**Award Grant Agreement**” has the meaning ascribed thereto in Section 2.6.
- (d) “**Awards**” means, collectively, Restricted Share Units and Deferred Share Units.
- (e) “**Awardee**” means a Participant that, at the relevant time, holds RSUs and/or DSUs.
- (f) “**Board**” means the board of directors of the Company as it may be constituted from time to time.
- (g) “**Blackout Period**” means a period in which the trading of Shares or other securities of the Company is restricted by any then in-effect corporate securities trading or disclosure policy or other policy of the Company.
- (h) “**Business Day**” means a day that is not a statutory holiday and a day on which banks are open in Toronto, Ontario, Canada.
- (i) “**Change of Control**” means
 - (i) a successful takeover bid; or
 - (ii) (A) any change in the beneficial ownership or control of the outstanding securities or other interests of the Company which results in:

- (I) a person or group of persons “acting jointly or in concert” (within the meaning of MI 62-104); or
 - (II) an affiliate or associate of such person or group of persons;
holding, owning or controlling, directly or indirectly, more than 50% of the outstanding voting securities or interests of the Company; and
- (B) members of the Board who are members of the Board immediately prior to the earlier of such change and the first public announcement of such change cease to constitute a majority of the Board at any time within sixty days of such change; or
- (iii) Incumbent Directors no longer constituting a majority of the Board; or
 - (iv) the winding up of the Company or the sale, lease or transfer of all or substantially all of the assets to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of the Company is continued and where the shareholdings or other securityholdings, as the case may be, in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would not be considered a “Change of Control” if paragraph 1.2(h)(ii) above was applicable to the transaction); or
 - (v) the Board adopts a resolution to the effect that an event set out under (i) to (iv) above has occurred or is imminent.
- (j) **“Company”** means Halcones Precious Metals Corp., a company organized and existing under the laws of Ontario.
 - (k) **“Deferred Share Unit”** or **“DSU”** means a right, granted in accordance with Section 2.2 hereof, to a Participant by the Company as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, Shares on a deferred basis, and which may be paid in cash and/or Shares of the Company.
 - (l) **“Disability”** means a physical injury or mental incapacity of a nature which the Board, in its sole discretion, determines prevents or would prevent the Awardee from satisfactorily performing the substantial and material duties of his or her position with the Company.
 - (m) **“Disinterested Shareholder Approval”** means the approval of disinterested Shareholders obtained in accordance with the policies and requirements of the TSXV.
 - (n) **“Dividend Market Value”** means the Market Price per Share on the Dividend Record Date.
 - (o) **“Dividend Payment Date”** has the meaning ascribed thereto in Section 2.3.
 - (p) **“Dividend Record Date”** has the meaning ascribed thereto in Section 2.3.
 - (q) **“Eligible Consultants”** means those individuals defined in TSXV Policy 4.4 as a “Consultant” and includes a “Consultant Company” within the meaning of such policy, as such policy may be amended, supplemented or replaced, from time to time.
 - (r) **“Eligible Directors”** means those individuals defined in TSXV Policy 4.4 as a “Director”, as amended, supplemented or replaced, from time to time.
 - (s) **“Eligible Employees”** means those individuals defined in TSXV Policy 4.4 as an “Employee”, as amended, supplemented or replaced, from time to time.
 - (t) **“Eligible Officers”** means those individuals defined in TSXV Policy 4.4 as an “Officer”, as applicable, as amended, supplemented or replaced, from time to time.

- (u) **“Eligible Retirement”** means termination of service, under circumstances that the Board determines in its sole discretion, constitute retirement for age or retirement in accordance with the written policies established by the Board (as they may be amended or revised from time to time).
- (v) **“Incumbent Directors”** means any member of the Board who was a member of the Board at the effective date of this RSU/DSU Plan and any successor to an Incumbent Director who was recommended or elected or appointed to succeed any Incumbent Director (whether or not such Incumbent Director was a member of the Board at the effective date of this RSU/DSU Plan) by the affirmative vote of the Board, including a majority of the Incumbent Directors then on the Board, prior to the occurrence of the transaction, transactions, elections or appointments giving rise to a Change of Control.
- (w) **“Insider”** has the meaning ascribed to such term in TSXV Policy 1.1, as may be amended from time to time.
- (x) **“Investor Relations Activities”** has the meaning given such term in TSXV Policy 1.1, as amended, supplemented or replaced, from time to time.
- (y) **“Market Price”** means, on a given date, the volume weighted average trading price of the Shares on the TSXV for the five (5) trading days ending on the last trading day immediately before such date; provided that, in the event that the Shares are not then listed and posted for trading on the TSXV, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion.
- (z) **“Participant”** means, in respect of this RSU/DSU Plan, persons that are Eligible Employees, Eligible Directors, Eligible Officers, or Eligible Consultants who participate in this RSU/DSU Plan voluntarily.
- (aa) **“Performance Conditions”** means conditions, if any, imposed on a Restricted Share Unit which are required to be satisfied or discharged during the Performance Period in order that a Restricted Share Unit shall vest.
- (bb) **“Performance Period”** means the period of time during which Performance Conditions must be satisfied or discharged following which the Restricted Share Unit shall terminate unvested.
- (cc) **“Restricted Share Units”** or **“RSU”** means a right, granted in accordance with Section 2.2 hereof, to a Participant by the Company as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, Shares upon specified vesting criteria being satisfied, and which may be paid in cash and/or Shares of the Company.
- (dd) **“RSU/DSU Plan”** means this Restricted Share Unit and Deferred Share Unit Plan, as amended and restated from time to time.
- (ee) **“Termination”** means: with respect to a Participant or Awardee, the date on which the Participant ceases to be a director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation for any reason, without regard to any agreed or otherwise binding severance or notice period (whether express, implied, contractual, statutory or at common law), but does not include the Eligible Retirement of the Participant.
- (ff) **“Settlement Date”** has the meaning attributed thereto in Section 3.3(d).
- (gg) **“Security Based Compensation”** has the meaning given to such term in TSXV Policy 4.4, as amended, supplemented or replaced, from time to time.
- (hh) **“Security Compensation Plan”** has the meaning given to such term in TSXV Policy 4.4, as amended, supplemented or replaced, from time to time and includes, for greater certainty, this RSU/DSU Plan and the Stock Option Plan.

- (ii) **“Shares”** means the common shares of the Company.
- (jj) **“Stock Option Plan”** means the Stock Option Plan of the Company in effect from time to time, as such plan may be amended, varied or replaced.
- (kk) **“Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time.
- (ll) **“TSXV”** means the TSX Venture Exchange.
- (mm) **“Vesting Date”** means, with respect to any Award, the date upon which such Award has vested in accordance with the terms of this RSU/DSU Plan and the terms of any applicable Award Grant Agreement.

PART 2 RESTRICTED SHARE UNIT AND DEFERRED SHARE UNIT GRANTS

2.1 Participation

Awards may only be granted to Participants provided that the participation is voluntary. A Participant will not be entitled to receive a grant of an Award after the date that the Participant ceases to be an Eligible Director, an Eligible Officer, an Eligible Employee or an Eligible Consultant in each case for any reason. The Board is responsible for ensuring and confirming that each Participant to whom Awards are to be granted is a *bona fide* Director, Officer, Employee or Consultant (as the case may be).

2.2 Grant of Awards

- (a) The Board may at any time authorize the granting of Awards to such Participants as it may select for the number of Awards that it shall designate, subject to the provisions of this RSU/DSU Plan. Each grant of an Award shall specify the Performance Period and the Performance Conditions (if any) attached to it, and the Vesting Date(s) thereof in the Board's sole and absolute discretion.
- (b) The date that an Award is granted shall be the date such grant was approved by the Board.
- (c) Each Award granted shall entitle the Participant to receive one (1) Share, subject to the provisions of this RSU/DSU Plan.

2.3 Credits for Dividends

Subject to the absolute discretion of the Board and in accordance with this Section 2.3, the Board may elect to credit, as a bonus for services rendered in the calendar year containing the payment date for cash dividends paid on Shares (the **“Dividend Payment Date”**), a Participant with additional Awards. In such case, the number of additional Awards so credited under this Section 2.3 will be equal to (computed to two (2) decimal places) the aggregate amount of dividend that would have been paid to the Participant if the Awards in the Participant's account as of the record date for payment of such dividends (the **“Dividend Record Date”**) had been an equal number of Shares divided by the Market Price of a Share on the Dividend Payment Date, and at all times be subject to the aggregate maximum number of Shares available for issuance in this RSU/DSU Plan and to the individual, respectively, as set out herein.

The additional Awards will vest on the Settlement Date of the particular RSUs or DSUs, as the case may be, to which the additional Awards relate. The additional Awards issued pursuant to this Section 2.3 will reduce the number of Shares available for issuance from treasury pursuant to Section 6.2.

2.4 Considerations in Granting Awards

In determining the Participants to whom Awards may be granted and the number of Awards, the Board may take into account the following factors:

- (a) compensation data for comparable benchmark positions among the Company's competitors;

- (b) the duties and seniority of the Participant;
- (c) the performance of the Participant in the current or prior year or years;
- (d) individual and/or departmental contributions and potential contributions to the success of the Company; and
- (e) such other factors as the Board shall deem relevant in connection with accomplishing the purposes of this RSU/DSU Plan.

2.5 Performance Period and Performance Conditions

A grant of a RSU may, but is not required to, have Performance Conditions attached to it, which conditions may be attached to the RSU by the Board. The Board has the sole and complete authority, in its discretion, to determine whether any Performance Conditions or other criteria applicable to the vesting of RSUs have been satisfied. The Board has the sole and complete authority, in its discretion, to determine whether any Performance Conditions or other criteria applicable to the vesting of RSUs have been satisfied or shall be waived or modified, provided that such waiver or modification is completed in accordance with the policies of the TSXV, including receipt of required TSXV acceptance of the amendments.

2.6 Award Grant Agreements

Each Award granted to a Participant shall be evidenced by an instrument of grant (an “**Award Grant Agreement**”) with terms and conditions consistent with this RSU/DSU Plan and as approved by the Board (which terms and conditions need not be the same in each case and may be changed from time to time, subject to this RSU/DSU Plan, and the applicable approval of any changes by the TSXV or such other exchange or exchanges on which the Shares are then traded) substantially in the form annexed hereto as Schedule A (in respect of Restricted Share Units) and Schedule B (in respect of Deferred Share Units) or such other forms as the Board determines. Each instrument of grant shall set forth, at a minimum, the type and effective date of the Award evidenced thereby, the number of Shares subject to such Awards and the applicable vesting conditions. Reference in the RSU/DSU Plan to an instrument of grant shall include any supplements or amendments thereto.

2.7 No Assurance of Future Awards

For greater certainty and without limiting the discretion conferred on the Board, the Board’s decision to approve the grant of an Award in any year or at any time shall not require the Board to approve the grant of an Award to any Participant in any other year or at any other time; nor shall the Board’s decision with respect to the size or terms and conditions of an Award in any year or at any time require it to approve the grant of an Award of the same size or with the same Performance Period, Performance Conditions or other terms and conditions to any Participant in any other year or at any other time. No Participant has any claim or right, legal or equitable, to receive an Award grant from the Company.

PART 3 VESTING AND SETTLEMENT OF AWARDS

3.1 Vesting

- (a) The Board may, in its sole discretion, determine the time at which Awards shall vest and whether there shall be any other Performance Conditions or criteria to vesting, subject to Section 3.1(b). In the absence of any determination by the Board to the contrary at the time of grant, Awards will vest:
 - (i) as to 1/2 of the Awards, on the day which is the first anniversary of the grant date of the Awards; and

- (ii) as to the remaining 1/2 of the Awards, on the day which is the second anniversary of the grant date of the Awards;

provided, however, the Participant is and has continuously been, in the case of an Eligible Director, Eligible Officer or Eligible Employee, an Eligible Director, Eligible Officer or Eligible Employee in service with the Company, or any of its Affiliates, from the grant date until the relevant date of vesting, and, in the case of an Eligible Consultant, at the discretion of the Board. For greater certainty, if an Award shall vest in accordance with this Section 3.1(a) at a time when there remains Performance Conditions outstanding that have not been satisfied, the Award shall be deemed to have not vested and shall only vest on the date that the Performance Conditions are satisfied, provided such date is during the applicable Performance Period.

- (b) The authority of the Board in respect of vesting of Awards under Section 3.1(a) is subject to Section 4.6 of TSXV Policy 4.4 whereby no Award may vest before the first anniversary of the grant date of such Award, provided that acceleration of vesting may be expressly permitted by this RSU/DSU Plan in connection with the death of a Participant or a Change of Control, take-over bid, RTO (as defined in TSXV Policy 1.1) or similar transaction.

3.2 Payment for Vested Awards

- (a) Upon the Vesting Date, and subject to Section 6.11, RSUs shall be settled by the Company by a payment to the Participant in cash or in Shares in accordance with Section 3.3.
- (b) Once vested in accordance with the applicable Vesting Date, and subject to Section 6.11, DSUs shall be settled by the Company by a payment to the Participant in cash or in Shares in accordance with Section 3.3 following the Eligible Retirement, or death of the applicable Participant or at the time of Termination of the Participant.
- (c) Following receipt of payment by the Participant, the Awards so settled shall be of no value whatsoever and shall be struck from the Participant's notional account.

3.3 Settlement Procedure for Awards

- (a) Any Shares issued under this RSU/DSU Plan shall be considered as fully paid in consideration of past services rendered that are not less in value than the fair equivalent of money that the Company would have received if the Shares were issued for money.
- (b) The Company, at the Board's sole and absolute discretion, shall have the option of settling the Awards by any of the following methods or by a combination of such methods:
 - (i) payment in cash, net of applicable taxes, equal to the Market Price determined as of the applicable Vesting Date of one (1) Share for each Award then being settled;
 - (ii) payment in Shares acquired by the Company on the TSXV; or
 - (iii) payment in Shares issued from the treasury of the Company.
- (c) The Company shall not be required to determine whether the payment method shall take the form of cash or Shares until the time of settlement of the Awards. A holder of Awards shall not have any right to demand, be paid in, or receive Shares in respect of any DSU at any time. Notwithstanding any election by the Company to settle the value of any Award which has vested, or portion thereof, in Shares, the Company reserves the right to change its election in respect thereof at any time up until payment is actually made, and the holder of such vested Awards shall not have the right, at any time to enforce settlement in the form of Shares of the Company.

- (d) Unless otherwise determined by the Board, or unless otherwise provided in the Participant's applicable Award Grant Agreement and subject to this Section 3.3:
- (i) RSUs shall be settled as soon as reasonably practicable following the following the Vesting Date and, in any event, within thirty (30) days thereof; and
 - (ii) DSUs shall be settled as soon as reasonably practicable following, and, in any event, within thirty (30) days of, the earlier of the Eligible Retirement of the Participant, the death of the Participant or the Termination of the Participant
- (such date of settlement, the "**Settlement Date**").
- (e) If the Board elects to settle the vested Awards by payment of Shares, on the Settlement Date, the Company will cause to be delivered to the Participant a certificate or DRS advice statement in respect of such Shares provided that, if required by applicable law or the rules and policies of the TSXV or such other exchange or exchanges on which the Shares are traded, a restrictive legend shall be inscribed on the certificate or DRS advice statement, which legend shall state that the Shares shall not be transferable for such period as may be prescribed by law or by any regulatory authority or stock exchange on which the Shares are listed. Where the Company elects to pay any amounts pursuant to vested Awards by issuing Shares, and the determination of the number of Shares to be delivered to a Participant in respect of a particular Vesting Date would result in the issuance of a fractional Share, the number of Shares deliverable on the Settlement Date shall be rounded down to the next whole number of Shares. No certificates representing fractional Shares shall be delivered pursuant to this RSU/DSU Plan nor shall any cash amount be paid at any time in lieu of any such fractional interest.
- (f) If the Settlement Date of an Award occurs during a Blackout Period or when the Participant is otherwise prohibited from settling such Award, then the Settlement Date shall be automatically extended to the tenth (10th) Business Day following the end of such Blackout Period or lifting, termination or removal of such prohibition.

PART 4 EFFECT OF TERMINATION

4.1 Termination

- (a) Subject to any contrary determination by the Board (including by the terms of the applicable Award Grant Agreement), upon the death, Eligible Retirement or Termination (for any reason whatsoever) of an Awardee:
- (i) any vested Award held by such Awardee at the date of death, Eligible Retirement or Termination, which has not yet been settled, shall be settled within thirty (30) days of such date; and
 - (ii) any unvested Award held by such Awardee at the date of death, Eligible Retirement or Termination shall be terminated as of such date and shall not thereafter entitle such Awardee or its estate or legal representative, as applicable, to any Shares or cash payment.

For greater certainty, if a RSU has Performance Conditions attached to it which remain unsatisfied at the date of death, Eligible Retirement or Termination of the applicable Awardee, the RSU shall be deemed to not have vested.

- (b) Any determination made by the Board shall be made in accordance with the policies of the TSXV, including without limitation, that all Awards must expire within a reasonable period, not exceeding twelve (12) months, following the date such Participant ceases to be an Eligible Employee, an Eligible Director, an Eligible Officer, or an Eligible Consultant.

PART 5 CHANGE OF CONTROL; REORGANIZATIONS ETC.

5.1 Effect of Takeover Bid

Notwithstanding any other provision in this RSU/DSU Plan but subject to any provision to the contrary contained in the applicable Award Grant Agreements, or other written agreement (such as an agreement of employment) between the Company and a Participant, if there takes place a Change of Control, all issued and outstanding Awards shall vest (whether or not then vested) and the Vesting Date shall be the date which is immediately prior to the time such Change of Control takes place, or at such earlier time as may be established by the Board, in its absolute discretion, prior to the time such Change of Control takes place.

5.2 Effect of Amalgamation or Arrangement

Except in the case of a transaction that is a Change of Control and to which Section 5.1 applies, subject to any provision to the contrary contained in the applicable Award Grant Agreements, or other written agreement (such as an agreement of employment) between the Company and a Participant, if the Company amalgamates with, or is the subject of an arrangement with, another corporation, any Shares receivable on the vesting of an Award shall instead become the right to receive the securities, property or cash which the Participant would have received upon such amalgamation or arrangement if the Participant had settled his, her or its Award immediately prior to the record date applicable to such amalgamation or arrangement, and shall be adjusted equitably and appropriately by the Board. Prior to agreeing to any such amalgamation or arrangement, the Board shall take all such steps as are necessary to ensure that such other corporation honours this Section 5.2 and the requirement that vested Awards be settled as aforementioned.

5.3 Adjustment in Shares Subject to the RSU/DSU Plan

If there is any change in the Shares through consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under this RSU/DSU Plan, and the Shares subject to any Award, shall be adjusted equitably and appropriately by the Board and such adjustment shall be effective and binding for all purposes of this RSU/DSU Plan.

5.4 Prior Acceptance by TSXV

Any adjustment under this RSU/DSU Plan to Awards granted or Shares issued under this RSU/DSU Plan, other than in connection with a consolidation or share split, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization, shall be subject to the prior acceptance of the TSXV.

PART 6 GENERAL, INTERPRETATION AND ADMINISTRATION

6.1 Administration by the Board

The Board shall have the full power to administer this RSU/DSU Plan, including, but not limited to, the authority to:

- (a) interpret and construe any provision hereof and decide all questions of fact arising in their interpretation;
- (b) adopt, amend, suspend and rescind such provisions of this RSU/DSU Plan as the Board may deem necessary in order to conform to any law or regulation or to any change in any laws or regulations applicable thereto;
- (c) determine the individuals or companies to whom Awards may be granted;
- (d) grant such Awards on such terms and conditions as it determines including, without limitation: the time or times at which Awards may be granted; the time or times when each Award shall vest and the term of each Award; whether restrictions or limitations are to be

imposed on the Shares the Company may elect to issue in settlement of all or a portion of the vested Awards and the nature of such restrictions or limitations, if any; any acceleration or waiver of termination or forfeiture regarding any Award; in each case, based on such factors as the Board may determine appropriate, in its sole discretion;

- (e) take any and all actions permitted by this RSU/DSU Plan; and
- (f) make any other determinations and take such other action in connection with the administration of this RSU/DSU Plan that it deems necessary or advisable.

No member of the Board shall be liable for any action or determination in connection with this RSU/DSU Plan made or taken in good faith, and each member of the Board and each such person shall be entitled to indemnification by the Company with respect to any such action or determination.

6.2 Maximum Number of Shares Issuable

Subject to Sections 5.3 and 6.3, the aggregate maximum number of Shares that may be issued pursuant to this RSU/DSU Plan is 12,100,000 Shares.

6.3 Limitations

The following limits apply to the operation of this RSU/DSU Plan:

- (a) the maximum aggregate number of Shares that are issuable pursuant to all Security Based Compensation of the Company granted or issued in any 12-month period to any one Eligible Consultant shall not exceed 2% of the total number of issued and outstanding Shares of the Company on a non-diluted basis, calculated as at the date any Security Based Compensation is granted or issued to such Eligible Consultant;
- (b) unless the Company has obtained the requisite Disinterested Shareholder Approval,
 - (i) the maximum aggregate number of Shares that are issuable pursuant to all Security Based Compensation granted or issued in any 12-month period to any one person shall not exceed 5% of the total number of issued and outstanding Shares of the Company on a non-diluted basis, calculated as at the date any Security Based Compensation is granted or issued to such person;
 - (ii) the maximum aggregate number of Shares that are issuable pursuant to all Security Based Compensation granted or issued to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares of the Company on a non-diluted basis at any point in time; and
 - (iii) the maximum aggregate number of Shares that are issuable pursuant to all Security Based Compensation granted or issued in any 12-month period to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares of the Company on a non-diluted basis, calculated as at the date any Security Based Compensation is granted or issued to any Insider; and
- (c) Awards may not be granted under this RSU/DSU Plan to persons retained to provide Investor Relations Activities.

6.4 Effective Date

This RSU/DSU Plan is established effective on the date that this RSU/DSU Plan has been adopted by the Board (the “**Effective Date**”) provided, however, that while Awards may be granted prior to the necessary regulatory, stock exchange and shareholder approvals, no cash and/or Shares underlying a vested Award shall be issued by the Company or paid to a Participant in accordance with this RSU/DSU Plan prior to it having received the necessary regulatory, stock exchange and shareholder approvals (the “**Necessary Approvals**”). If the Necessary Approvals in respect of an

Award are not received within one (1) year of the grant date, the Award shall terminate unvested at such time.

6.5 Non-Transferability

Any Awards accruing to any Participant in accordance with the terms and conditions of this RSU/DSU Plan shall not be transferable except by will or by the laws of descent and distribution. During the lifetime of a Participant, all benefits and rights granted under this RSU/DSU Plan may only be exercised by the Participant.

6.6 Employment

Nothing contained in this RSU/DSU Plan shall confer upon any Participant any right with respect to employment or continuance of employment, consultancy agreement, or service of any nature with the Company or any, Affiliate, or interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment or consultancy agreement at any time. Participation in this RSU/DSU Plan by a Participant is entirely voluntary and the Participant may decline an Award at any time and/or voluntarily agree to the termination of an Award previously granted at any time.

6.7 Not a Shareholder

Nothing contained in this RSU/DSU Plan nor in any Award granted hereunder shall be deemed to give any Participant any interest or title in or to any Shares or any rights as a Shareholder or any other legal or equitable right against the Company, or any of its Affiliates whatsoever, including without limitation, the right to vote as a Shareholder or the right to participate in any new issue of Shares to existing holders of Shares, other than those rights relating to Shares that have been issued by the Company upon the settlement of an Award.

6.8 Unfunded Plan

This RSU/DSU Plan shall be unfunded.

6.9 Record Keeping

The Company shall maintain a register in which shall be recorded:

- (a) the name and address of each Awardee;
- (b) the number of vested and unvested Awards held by each Awardee;
- (c) the relevant Performance Period and Performance Conditions (if any) attached to each Award; and
- (d) such other information as the Board may determine from time to time.

6.10 Necessary Approvals

The obligation of the Company to issue Shares in accordance with this RSU/DSU Plan is subject to the approval of any governmental authority having jurisdiction in respect of the Shares or any exchanges on which the Shares are then listed which may be required in connection with the authorization, or issuance of such Shares by the Company. If any Shares cannot be issued to any Participant for any reason including, without limitation, the failure to obtain such approval, the obligation of the Company to issue such Shares shall terminate and if the Company is lawfully permitted to settle Awards in cash, it will settle Awards in cash.

6.11 Taxes

The Company may withhold from any remuneration or consideration whatsoever payable to such Participant hereunder, any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in this RSU/DSU Plan (the "**Applicable Withholding**

Taxes”). For greater certainty, unless not required under the Tax Act, no cash payment will be made nor will Shares be issued until (i) an amount sufficient to cover the Applicable Withholding Taxes payable on the settlement of such Awards has been received by the Company, (ii) the Participant undertakes to arrange for such number of Shares to be sold as is necessary to raise an amount equal to such Applicable Withholding Taxes, and to cause the proceeds from the sale of such Shares to be delivered to the Company, or (iii) the Participant elects to redeem for cash such number of Awards as is necessary to raise funds sufficient to cover such withholding taxes with such amount being withheld by the Company.

Notwithstanding the foregoing, the Company makes no representation or warranty as to the future market value of the Shares or with respect to any tax matters affecting the Participant resulting from the grant or settlement of an Award or transactions in the Shares. With respect to any fluctuations in the market price of Shares, neither the Company, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder or their sale (as applicable) or in any other manner related to this RSU/DSU Plan. For greater certainty, no amount will be paid to, or in respect of, an Awardee under this RSU/DSU Plan or pursuant to any other arrangement, and no additional cash or Shares will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, an Awardee for such purpose.

6.12 Amendments to RSU/DSU Plan

The Board shall have the power to, at any time and from time to time, either prospectively or retrospectively, and without shareholder approval, amend this RSU/DSU Plan or any Award granted under this RSU/DSU Plan to fix typographical errors or to clarify existing provisions of this RSU/DSU Plan that do not have the effect of altering the scope, nature and intent of such provisions.

The Board shall have the power to, at any time and from time to time, either prospectively or retrospectively, amend, suspend or terminate this RSU/DSU Plan or any Award granted under this RSU/DSU Plan in any manner it may choose, provided that:

- (a) any amendment to this RSU/DSU Plan or any Award requires prior acceptance of the TSXV, unless such amendment imposes additional Performance Conditions;
- (b) if any amendment in respect of an Award will result in a benefit to an Insider, Disinterested Shareholder Approval is required;
- (c) if any amendment will result in the limits set out in Section 6.3(b) being exceeded, Disinterested Shareholder Approval is required; and
- (d) any amendment, suspension or termination is in accordance with applicable laws and the rules of any other stock exchange on which the Shares are listed.

If the RSU/DSU Plan is terminated, the provisions of this RSU/DSU 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 Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of this RSU/DSU Plan, the Board shall remain able to make such amendments to this RSU/DSU Plan or the Awards as they would have been entitled to make if this RSU/DSU Plan were still in effect.

No such amendment to the RSU/DSU Plan shall cause the RSU/DSU Plan to cease to be a plan described in Section 7 of the Tax Act of any successor to such provision.

6.13 Compliance with Applicable Law, etc

If any provision of this RSU/DSU Plan or any agreement entered into pursuant to this RSU/DSU Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or this RSU/DSU Plan, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

6.14 Governing Law

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

6.15 Notice

Any notice required to be given by this RSU/DSU Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by electronic transmission such as email addressed, if to the Company, to the head office of the Company, Attention: Corporate Secretary; or if to a Participant or Awardee, to such Participant or Awardee at his or her address as it appears on the books of the Company or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant or Awardee; or if to any other person, to the last known address of such person.

6.16 Fractional Shares

No fractional Shares shall be delivered upon the settlement of any Award under this RSU/DSU Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the settlement of an Award, or from an adjustment permitted by the terms of this RSU/DSU Plan, such Participant shall only have the right to receive the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

SCHEDULE A

RESTRICTED SHARE UNIT – AWARD GRANT AGREEMENT

[All Awards issued to Insiders must include the following legend:

Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and the shares issuable upon the vesting thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert the date that is four months and one day after the grant date of the Award].

THIS RESTRICTED SHARE UNIT AGREEMENT (the “**Agreement**”) is made as of the [●] day of [●], [●].
BETWEEN:

HALCONES PRECIOUS METALS CORP.

(herein called the “**Company**”)

And

[●]

(herein called the “**Awardee**”)

This Agreement is made pursuant to the terms and conditions of the Company's Restricted Share Unit and Deferred Share Unit Plan (in effect from time to time, the “**RSU/DSU Plan**”), which is incorporated by reference herein. The Awardee accepts the terms and conditions of the RSU/DSU Plan and all rules and procedures adopted thereunder, as amended from time to time. In the event of any inconsistency between the terms of this Agreement and the terms of the RSU/DSU Plan, the terms of the RSU/DSU Plan shall prevail. Certain terms with initial capital letters used in this Agreement have the meanings set out in the RSU/DSU Plan.

Each RSU (as defined below) granted to the Awardee hereunder represents a right of the Awardee to receive one common share of the Company as presently constituted (each a “**Share**”) on the terms set out herein.

The Company has granted to the Awardee, as of the grant date set out in exhibit 1 attached hereto, that number of restricted share units (the “**RSUs**”) equal to the number of RSUs set out in exhibit 1 attached hereto, upon the terms and conditions set out in this Agreement, including the following:

Restricted Share Units. Each RSU granted to the Awardee hereunder represents a right of the Awardee to receive one Share on the date the said RSU vests

Awardee's Notional Account. The Company shall maintain in its books a notional account for the Awardee (the “**Awardee's Account**”) recording the number of RSUs granted to the Awardee and the number of RSUs that have vested. Upon payment in satisfaction of vested RSUs through the issue of Shares from treasury or cash, such vested RSUs shall be cancelled.

Vesting. The RSUs granted by the Company to the Awardee as set out on exhibit 1 attached hereto shall vest in accordance with the vesting provisions set out on exhibit 1 attached hereto (provided that in no event will the Awardee become entitled to acquire a fraction of a Share).

If the Awardee terminates employment with the Company for any reason, any non-vested RSUs granted hereunder will be immediately cancelled without liability or compensation therefore and be of no further force and effect. For clarity, where the Awardee voluntarily terminates his/her employment with the Company or is otherwise terminated by the Company for cause, all non-vested RSUs of the Awardee shall be immediately cancelled without compensation or liability therefore and be of no further force and effect.

Settlement of Vested RSUs. Unless otherwise directed by the Company's directors in writing, payment to the Awardee in respect of vested RSUs will be made in the form of Shares only and will be evidenced by book entry registration or by a certificate registered in the name of the Awardee as soon as practicable following the date on which the RSUs become vested and in any event within thirty (30) days of the Vesting Date.

No Shareholder Rights. The Awardee will have none of the rights of a shareholder of the Company with respect to any Shares underlying the RSUs, including the right to vote such shares and receive any dividends that may be paid thereon, until such time, if any, that the Awardee has been determined to be a shareholder of record by the Company's transfer agent or one or more certificates of Shares are delivered to the Awardee in settlement thereof. Further, nothing herein will confer upon the Awardee any right to remain in the employ of the Company.

RSUs Non-Transferable. RSUs are non-transferable (except by will or by the laws of descent and distribution).

No Other Benefit. No amount will be paid to, or in respect of, the Awardee under the RSU/DSU Plan to compensate for a downward fluctuation in the value of the Shares, nor will any other form of benefit be conferred upon, or in respect of, the Awardee for such purpose.

The Company makes no representations or warranties to the Awardee with respect to the RSU/DSU Plan or the RSUs whatsoever. The Awardee is expressly advised that the value of the RSUs in the RSU/DSU Plan will fluctuate as the value of Shares fluctuates.

In seeking the benefits of participation in the RSU/DSU Plan, the Awardee agrees to exclusively accept all risks associated with a decline in the value of Shares and all other risks associated with participation in the RSU/DSU Plan.

Withholding Tax. As set out in Section 6.11 of the RSU/DSU Plan, the Company may withhold from any remuneration or consideration whatsoever payable to such Participant hereunder, any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the RSU/DSU Plan.

Income Taxes: The Awardee acknowledges that he/she will be liable for income tax relating to grants and dispositions of RSUs. The Awardee hereby acknowledges that the Company is making no representation to him/her regarding taxes applicable to the Awardee and the Awardee will confirm the tax treatment with his/her own tax advisor.

No Inducement. By executing a copy of this Agreement, the Awardee hereby accepts the grant of RSUs and hereby confirms and acknowledges that his or her participation in the RSU/DSU Plan is voluntary and that he or she has not been induced to enter into this Agreement or participate in RSU/DSU Plan by expectation of employment or continued employment with the Company.

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

Binding Effect. This Agreement shall enure to the benefit of and be binding upon the Company and the Awardee and each of their respective heirs, executors, administrators, successors and permitted assigns.

Unfunded and Unsecured RSU/DSU Plan. Unless otherwise determined by the Board, this Agreement and the RSU/DSU Plan shall be unfunded and the Company will not secure its obligations under this Agreement or the RSU/DSU Plan. To the extent any Awardee or his or her estate holds any rights by virtue of a grant of RSUs under this Agreement, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to principles of conflict of laws.

Effective Date. The effective date of this Agreement shall be the grant date.

Severability. The invalidity or unenforceability of any provision of the RSU/DSU Plan or this Agreement shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this Agreement.

[signature page follows]

HALCONES PRECIOUS METALS CORP.

Name:

Title:

Date:

AWARDEE

Signature of Awardee

Name:

Title:

Date:

EXHIBIT 1 TO SCHEDULE A
HALCONES PRECIOUS METALS CORP.
RESTRICTED SHARE UNIT AND DEFERRED SHARE UNIT PLAN
NOTICE OF RESTRICTED SHARE UNITS GRANTED

Awardee: _____
Address: _____

You have been granted Restricted Share Units of Halcones Precious Metals Corp. (the “**Company**”), as

follows: Grant Date: _____

Number of Restricted Share Units: _____

Starting Value of Restricted Share Unit Grant: _____

Vesting Schedule: _____

By your signature and the signature of the Company's representative below, you and the Company agree that this Restricted Share Unit Grant is granted under and governed by the terms and conditions of the Company's Restricted Share Unit and Deferred Share Unit Plan, as amended from time to time.

HALCONES PRECIOUS METALS CORP.

Name:

Title:

Date:

AWARDEE

Signature of Awardee

Name:

Title:

Date:

SCHEDULE B

DEFERRED SHARE UNIT – AWARD GRANT AGREEMENT

[All Awards issued to Insiders must include the following legend:

Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and the shares issuable upon the vesting thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert the date that is four months and one day after the grant date of the Award].

THIS DEFERRED SHARE UNIT AGREEMENT (the “**Agreement**”) is made as of the [●] day of [●], [●].
BETWEEN:

HALCONES PRECIOUS METALS CORP.

(herein called the “**Company**”)

And

[●]

(herein called the “**Awardee**”)

This Agreement is made pursuant to the terms and conditions of the Company's Restricted Share Unit and Deferred Share Unit Plan (in effect from time to time, the “**RSU/DSU Plan**”), which is incorporated by reference herein. The Awardee accepts the terms and conditions of the RSU/DSU Plan and all rules and procedures adopted thereunder, as amended from time to time. In the event of any inconsistency between the terms of this Agreement and the terms of the RSU/DSU Plan, the terms of the RSU/DSU Plan shall prevail. Certain terms with initial capital letters used in this Agreement have the meanings set out in the RSU/DSU Plan.

The Company has granted to the Awardee, as of the grant date set out in exhibit 1 attached hereto, that number of deferred share units (the “**DSUs**”) equal to the number of DSUs set out in exhibit 1 attached hereto, upon the terms and conditions set out in this Agreement, including the following:

Definitions:

- a) “**Distribution Date**” means either the Separation Date or such later date as the Awardee may elect (by written notice delivered to the Company prior to the Separation Date), provided that in no event shall an Awardee be permitted to elect a date which is later than December 1 of the calendar year following the calendar year in which the Separation Date occurs. In the case of death of an Awardee, the Distribution Date shall have the meaning ascribed to it under the section titled “Distribution of Vested DSUs” hereof;
- b) “**Related Entity**” has the meaning ascribed to the term “related entity” in section 2.22 of National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, as amended from time to time; and
- c) “**Separation Date**” means the date on which the Awardee ceases service as a director, and is not at that time an employee or officer, of the Company or a Related Entity.

Deferred Share Units. Each vested DSU granted to the Awardee hereunder represents a right of the Awardee to receive one Share on the Distribution Date.

Awardee's Notional Account. The Company shall maintain in its books a notional account for the Awardee (the "**Awardee's Account**") recording the number of DSUs granted to the Awardee and the number of DSUs that have vested. Upon payment in satisfaction of vested DSUs through the issue of Shares or cash on or about the Distribution Date (in accordance with the provisions herein), such vested DSUs shall be cancelled as of the applicable Distribution Date.

Vesting. The DSUs granted by the Company to the Awardee as set out on exhibit 1 attached hereto shall vest in accordance with the vesting provisions set out on exhibit 1 attached hereto, provided that where an Awardee is terminated for cause, resigns or, in the case of a director of the Company, is otherwise removed as a result of losing his/her eligibility to serve on the Board due to an order by a regulatory body or stock exchange or for culpable conduct as determined by the Board, all unvested DSUs in the Awardee's account shall be immediately cancelled without liability or compensation therefore and be of no further force and effect (unless otherwise determined by the Board).

In no event will the Awardee become entitled to acquire a fraction of a Share.

Distribution of Vested DSUs. The Company shall, within 10 business days after the Distribution Date, issue to the Awardee a number of Shares equal to the number of vested DSUs in the Awardee's Account. In the case of an Awardee's death, the Distribution Date shall be on or before the 30th business day after the Company is duly notified of the death of the Awardee and such distribution shall be made to the estate of the Awardee.

Reporting of DSUs. Statements of the Awardee's Account will be provided to Awardees on an annual basis.

No Shareholder Rights. The Awardee will have none of the rights of a shareholder of the Company with respect to any Shares underlying the DSUs, including the right to vote such shares and receive any dividends that may be paid thereon, until such time, if any, that the Awardee has been determined to be a shareholder of record by the Company's transfer agent or one or more certificates of Shares are delivered to the Awardee in settlement thereof. Further, nothing herein will confer upon the Awardee any right to remain in the employ of the Company.

DSUs Non-Transferable. DSUs are non-transferable (except by will or by the laws of descent and distribution).

No Other Benefit. No amount will be paid to, or in respect of, the Awardee under the RSU/DSU Plan to compensate for a downward fluctuation in the value of the Shares, nor will any other form of benefit be conferred upon, or in respect of, the Awardee for such purpose.

The Company makes no representations or warranties to the Awardee with respect to the RSU/DSU Plan or the DSUs whatsoever. The Awardee is expressly advised that the value of the DSUs in the RSU/DSU Plan will fluctuate as the value of Shares fluctuates.

In seeking the benefits of participation in the RSU/DSU Plan, the Awardee agrees to exclusively accept all risks associated with a decline in the value of Shares and all other risks associated with participation in the RSU/DSU Plan.

Withholding Tax. As set out in Section 6.11 of the RSU/DSU Plan, the Company may withhold from any remuneration or consideration whatsoever payable to such Participant hereunder, any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the RSU/DSU Plan.

Income Taxes: The Awardee acknowledges that he/she will be liable for income tax relating to grants and dispositions of DSUs. The Awardee hereby acknowledges that the Company is making no representation to him/her regarding taxes applicable to the Awardee and the Awardee will confirm the tax treatment with his/her own tax advisor.

No Inducement. By executing a copy of this Agreement, the Awardee hereby accepts the grant of DSUs and hereby confirms and acknowledges that his or her participation in the RSU/DSU Plan is voluntary and

that he or she has not been induced to enter into this Agreement or participate in RSU/DSU Plan by expectation of employment or continued employment with the Company.

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

Binding Effect. This Agreement shall enure to the benefit of and be binding upon the Company and the Awardee and each of their respective heirs, executors, administrators, successors and permitted assigns.

Unfunded and Unsecured RSU/DSU Plan. Unless otherwise determined by the Board, this Agreement and the RSU/DSU Plan shall be unfunded and the Company will not secure its obligations under this Agreement or the RSU/DSU Plan. To the extent any Awardee or his or her estate holds any rights by virtue of a grant of DSUs under this Agreement, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to principles of conflict of laws.

Effective Date. The effective date of this Agreement shall be the grant date.

Severability. The invalidity or unenforceability of any provision of the RSU/DSU Plan or this Agreement shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this Agreement.

[signature page follows]

HALCONES PRECIOUS METALS CORP.

Name:

Title:

Date:

AWARDEE

Signature of Awardee

Name:

Title:

Date:

**EXHIBIT 1 TO SCHEDULE B
HALCONES PRECIOUS METALS CORP.**

RESTRICTED SHARE UNIT AND DEFERRED SHARE UNIT PLAN

NOTICE OF DEFERRED SHARE UNITS GRANTED

Awardee: _____

Address: _____

You have been granted Deferred Share Units of Halcones Precious Metals Corp. (the "**Company**"), as

follows: Grant Date: _____

Number of Deferred Share Units: _____

Starting Value of Deferred Share Unit Grant: _____

Vesting Schedule: _____

By your signature and the signature of the Company's representative below, you and the Company agree that this Deferred Share Unit Grant is granted under and governed by the terms and conditions of the Company's Restricted Share Unit and Deferred Share Unit Plan, as amended from time to time.

HALCONES PRECIOUS METALS CORP.

Name:

Title:

Date:

AWARDEE

Signature of Awardee

Name:

Title:

Date: