

**Electric Royalties Ltd.**  
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**Vancouver, B.C. V6E 4H1**  
**Telephone No. (604) 639-9200/ Fax No. (604) 684-8092**

**INFORMATION CIRCULAR**  
as at October 19, 2021 *(except as otherwise indicated)*

**This information circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of Electric Royalties Ltd. (the “Company”) (Formerly Rebel Capital Inc.) for use at the annual general and special meeting (the “Meeting”) of its shareholders to be held on November 18, 2021 at the time and place and for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of Shareholders (the “Notice of Meeting”).**

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

**NOTE OF CAUTION Concerning COVID-19 Outbreak**

At the date of publication of this Information Circular, it is the intention of the Company to hold the Meeting at the location stated above in the Notice of Meeting. We are continuously monitoring development of current coronavirus (COVID-19) outbreak (“**COVID-19**”). In light of the rapidly evolving public health guidelines related to COVID-19, we ask shareholders to consider voting their shares by proxy and not attend the Meeting in person. Those shareholders who do wish to attend the Meeting in person, should carefully consider and follow the instructions of the federal Public Health Agency of Canada: (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>). We ask that shareholders also review and follow the instructions of any regional health authorities of the Province of British Columbia, including the Vancouver Coastal Health Authority, the Fraser Health Authority and any other health authority holding jurisdiction over the areas you must travel through to attend the Meeting. Please do not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days immediately prior to the Meeting. All shareholders are strongly encouraged to vote by submitting their completed form of proxy (or voting instruction form) prior to the Meeting by one of the means described in the following sections of this Information Circular.

The Company reserves the right to take any additional pre-cautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 outbreak, including: (i) holding the Meeting virtually or by providing a webcast of the Meeting; (ii) hosting the Meeting solely by means of remote communication; (iii) changing the Meeting date and/or changing the means of holding the Meeting; (iv) denying access to persons who exhibit cold or flu-like symptoms, or who have, or have been in close contact with someone who has, travelled to/from outside of Canada within the 14 days immediately prior to the Meeting; and (v) such other measures as may be recommended by public health authorities in connection with gatherings of persons such as the Meeting. Should any such changes to the Meeting format occur, the Company will announce any and all of these changes by way of news release, which will be filed under the Company’s profile on SEDAR as well as on our Company website at [www.electricroyalties.com](http://www.electricroyalties.com). We strongly recommend you check the Company’s website prior to the Meeting for the most current information. In the event of any changes to the Meeting format due to the COVID-19 outbreak, the Company will not prepare or mail amended Meeting proxy materials.

## GENERAL PROXY INFORMATION

### SOLICITATION OF PROXIES

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

### APPOINTMENT OF PROXYHOLDERS

The individuals named in the accompanying form of proxy (the “**Proxy**”) are directors or officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act on your behalf at the Meeting. You may do so either by inserting the name of that other person, and that person may be you, in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy. If your Common Shares are actually registered in your name, then you are a “Registered Shareholder”. However, if like most shareholders you keep your Common Shares in a brokerage account, then you are a Beneficial Shareholder and the manner for voting is different than for Beneficial Shareholders. Please read the instructions below carefully.**

### VOTING BY PROXYHOLDER

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that may properly come before the Meeting.

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

### REGISTERED SHAREHOLDERS

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed Proxy and returning it to the Company’s transfer agent, TSX Trust Company of Canada (“**TSX Trust**”), by fax at 1-866-600-5869, or by mail to the suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1 Canada; or
- (b) using a touch-tone phone to transmit voting choices to a toll free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll free number, the holder’s account number and the proxy access number; or
- (c) using the internet via the website voting page of TSX Trust at following website address: [www.voteproxyonline.com/pxlogin?lang=en](http://www.voteproxyonline.com/pxlogin?lang=en). Registered Shareholders must follow the instructions

provided at the voting page and refer to the enclosed Proxy for the holder's account number and the proxy access number.

In all cases a Registered Shareholder must ensure that the completed proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

## **BENEFICIAL SHAREHOLDERS**

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

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). In the United States of America (the "**United States**"), the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

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

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for Non-Objecting Beneficial Owners).

The Company is taking advantage of provisions of National Instrument 54-101, which allow it to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable voting instruction form ("**VIF**") from TSX Trust, our transfer agent. VIFs are to be completed and returned to TSX Trust following the instructions using one of the methods detailed on the VIF. TSX Trust tabulates results of VIFs received from NOBOs and provides appropriate instructions at the Meeting concerning Common Shares represented by VIFs they received prior to the Meeting.

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

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

Management of the Company does not intend to pay for intermediaries to forward proxy-related materials to OBOs. If you are an OBO you will not receive the proxy-related materials unless your intermediary assumes the cost of delivery. If you are an OBO please follow the instructions of your intermediary carefully to ensure your Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge

Financial Solutions Inc. ("**Broadridge**") in Canada and the United States. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), different from the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, insert the name of your desired representative in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge following Broadridge's instructions using one of the methods detailed on the VIF. Broadridge then tabulates results of all instructions received and provides appropriate instructions concerning voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, it must be completed and returned to Broadridge, in accordance with Broadridge's instructions, well in advance of the Meeting in order to: (a) have your Common Shares voted as per your instructions, or (b) to have an alternate representative you have chosen, if any, duly appointed to attend and vote your Common Shares on your behalf at the Meeting.**

#### **NOTICE TO SHAREHOLDERS IN THE UNITED STATES**

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

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

#### **REVOCAION OF PROXIES**

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to TSX Trust at the address shown on the preceding page or at the address of the registered office of the Company at Suite 2400, 745 Thurlow Street Vancouver BC V6E 0C5 Canada, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the Registered Shareholder's Common Shares.

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

Beneficial Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary, revoke their proxy in accordance with the revocation procedures set out above.

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

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

## RECORD DATE AND QUORUM

The board of directors of the Company (the “**Board**”) has fixed October 12, 2021, as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

Under the Articles of the Company, the quorum for the transaction of business at a meeting of shareholders is one or more shareholders who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least 10% of the issued Common Shares entitled to be voted at the meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of Common Shares. The Common Shares are listed for trading on the TSX Venture Exchange (the “**TSXV**”). As of the Record Date, there were 74,101,509 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares as at the Record Date, except for the following:

Shareholder Name	Number of Common Shares Held	Percentage of Issued Common Shares
Globex Mining Enterprises Inc. <sup>(1)(2)</sup>	11,960,000	16.1%

Notes:

- (1) The above information was obtained by the Company from insider reports filed at [www.sedi.ca](http://www.sedi.ca).
- (2) Globex Mining Enterprises Inc. (“**Globex**”) also held 5,500,000 common share purchase warrants (each, a “**Warrant**”). Each Warrant entitles the Globex to acquire one Common Share at a exercise price of \$0.60 per share at any time on or prior to August 11, 2025. If the Common Shares trade above \$1.00 per share for ten consecutive days after August 11, 2023, 50% (2,750,000) of the Warrants will expire within 30 days of such date, If the Common Shares trade above \$1.50 per share for ten consecutive days after August 11, 2024, all Warrants expire within 30 days of such date. See “*Business of the Meeting – Disinterested Shareholder Approval in Respect of Globex Warrants*” for additional information with respect to the exercise of the Warrants.

## FINANCIAL STATEMENTS

The audited financial statements of the Company for the fiscal year ended December 31, 2020, the report of the auditor and the related management’s discussion and analysis will be placed before the Meeting. Copies of the documents may be obtained by a shareholder upon request without charge from Investor Relations, Electric Royalties Ltd., 14<sup>th</sup> Floor, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1, telephone: (604) 639-9200 or [investorrelations@electricroyalties.com](mailto:investorrelations@electricroyalties.com). These documents are also available under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

## VOTES NECESSARY TO PASS RESOLUTIONS

Except as otherwise described herein, a simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## BUSINESS OF THE MEETING

### 1. ELECTION OF DIRECTORS

The Company currently has four directors. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the "BCBCA", each director elected will hold office until the conclusion of the next annual general meeting of the Company or, if no director is then elected, until a successor is elected.

#### Management's Director Nominees

The Board has determined that four directors be elected to the Board at the Meeting. The following disclosure and accompanying biographical information sets out the names of management's four nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years, the period of time during which each has been a director of the Company, and the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction. The information as to Common Shares and options beneficially owned or controlled is based on insider reports filed on [www.sedi.ca](http://www.sedi.ca) as at the date of this Information Circular:

Name of Nominee; Current Position with the Company, and Province or State and Country of Residence	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled
Marchand Snyman <sup>(1), (2), (3)</sup> Chairman and Director British Columbia, Canada	Since June 24, 2020	425,100 Shares 1,000,000 Options
Brendan Yurik President, CEO and Director British Columbia, Canada	Since June 24, 2020	3,153,000 Shares 1,600,000 Options
Craig Lindsay <sup>(1), (2), (3)</sup> Director British Columbia, Canada	Since September 16, 2016	360,000 Shares <sup>(4)</sup> 625,000 Options
Robert Schafer <sup>(1), (2), (3)</sup> Director Utah, USA	Since June 24, 2020	850,000 Shares 450,000 Options

Notes:

- (1) Member of the Audit and Risk Committee. Mr. Lindsay serves as Chair.
- (2) Member of the Nominating and Governance Committee. Mr. Snyman serves as Chair.
- (3) Member of the Compensation Committee. Mr. Schafer serves as Chair.
- (4) Mr. Lindsay's Common Shares are indirectly held by Arbutus Grove Capital Corp., a private company controlled by Mr. Lindsay.

### Biographical Information of Nominees for Director

The following information as to principal occupation, business or employment is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Where stated, “CEO” stands for “Chief Executive Officer” and “CFO” stands for Chief Financial Officer.

#### Marchand Snyman. – Director and Chairman of the Board

Mr. Snyman is a co-founder of the Company and RE Royalties Ltd. (a company providing royalty financing for renewable energy projects). Mr. Snyman has over 20 years of senior executive experience in global corporate finance, M&A, financing and divestiture activities. He also currently serves as a director on a number of publicly traded companies. Mr. Snyman is currently a Director and the Chief Operating Officer of Hunter Dickinson Inc. Mr. Snyman is a Chartered Accountant (Australia and New Zealand) and a Chartered Accountant (South Africa).

Mr. Snyman is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd.	TSXV	Chairman, Director	June 2020	Present
Northcliff Resources Ltd.	TSX	Chairman, Director	January 2013	Present
Northern Dynasty Minerals Ltd.	TSX, NYSE American	CFO	August 2008	April 2019
RE Royalties Ltd	TSXV	Chairman, Director	November 2018	Present

#### Brendan Yurik – President, Chief Executive Officer and Director

Founder and CEO of Evenor Investments Ltd., a financial advisory group to junior mining companies for alternative financing, debt, equity and M&A with experience on over \$2 billion in mining financing transactions throughout his career. Prior global experience as a research analyst as well as in business development and mining financial advisory roles with Endeavour Financial, Cambrian Mining Finance Ltd., Northern Vertex Mining Corp. and King & Bay West Management Corp.

Mr. Yurik is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd	TSXV	President, CEO and Director	June 2020	Present

#### Craig Lindsay, MBA, CFA – Director

Mr. Lindsay is Managing Director of Arbutus Grove Capital Inc. He was the Founder and CEO of Otis Gold Corp. (TSXV: OOO) until its merger with Excellon Resources Inc. in April 2020. Prior to Otis, he was Founder and CEO of Magnum Uranium Corp. and led its sale to Energy Fuels Inc. He is a current director of Excellon Resources Inc. (TSX: EXN), VR Resources Ltd. (TSXV: VRR), Alianza Minerals Ltd. (TSXV: ANZ) and Philippine Metals Inc. (TSXV: PHI). Mr. Lindsay has in excess of 25 years of experience in corporate finance, venture capital and public company management.

Mr. Lindsay is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd.	TSXV	Director	September 2016	Present
Otis Gold Corp.	TSXV	CEO and Director	April 2007	April 2020
Alianza Minerals Ltd.	TSXV	Director	November 2008	Present
Philippine Metals Inc.	TSXV	CEO and Director	June 2011	Present
VR Resources Ltd.	TSXV	Director	March 2017	Present
Excellon Resources Inc.	TSX, NYSE American	Director	April 2020	Present

### Robert Schafer – Director

Mr. Schafer is the Chief Executive Officer of Eagle Mines Management, a mineral resources exploration and business development advisory group and investment vehicle. Mr. Schafer was a director of International Royalty Corp. (sold for \$800 million to Royal Gold) and has more than 30 years of experience working internationally in business development roles with major and junior mining companies as well as Past-President of the Prospectors and Developers Association of Canada (PDAC) and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and Past Chairman of the Canadian Mining Hall of Fame. Serves as a director of a number of public resource companies.

Mr. Schafer is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd.	TSXV	Director	June 2020	Present
Amur Minerals Company	AIM	Director	April 2004	Present
Volcanic Gold Inc.	TSXV	Director	March 2017	Present
Trigon Metals Inc.	TSXV	Director	April 2017	August 2019
Orosur Mining Inc.	TSX	Director	July 2018	April 2020
Renaissance Gold Inc.	TSXV	Director	March 2020	October 2020
U.S. Gold Corp	NASDAQ	Director	November 2020	Present
United Lithium Corp.	CSE	Director	February 2021	Present

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

### *Bankruptcies, Penalties, Sanctions or Cease Trade Orders*

Except as disclosed below, within the 10 years preceding the date of this Information Circular no proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this Information Circular is prepared) or acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;

- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has 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;
- (d) 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; or
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Robert Schafer was appointed as a director of United Lithium Corp. ("**United Lithium**") in February 2021. On July 26, 2021 United Lithium disclosed that, following a review by the British Columbia Securities Commission (the "**BCSC**") in connection with a short form base shelf prospectus filed by United Lithium on July 2, 2021, the BCSC had determined that United Lithium's previously filed material change report dated October 16, 2020 in respect of the amalgamation between its wholly owned subsidiary, 1263391 B.C. Ltd. ("**126**"), and 1257590 B.C. Ltd. ("**125**"), pursuant to which United Lithium issued 11,500,000 shares to former shareholders of 125 and indirectly acquired 125's option to acquire up to 100% of the Barbara Lake Lithium property, was incomplete. As a result, the BCSC issued a cease trade order against United Lithium, and its securities were halted from trading on the Canadian Securities Exchange. Bob Schafer joined the board of directors of United Lithium Corp. in February, 2021, some four months after the October 2020 material change report was filed, and was unaware of the events that led to the issuance of the cease trade order when he was appointed as a director of United Lithium. The disclosure issues were resolved to the satisfaction of the BCSC and the cease trade order was rescinded on August 26, 2021.

### **Multiple Directorships**

Other than Mr. Yurik, the directors of the Company also serve as directors of other companies in the mining and resource sector. It may occur from time to time that, as a consequence of a particular director's activity in the mineral industry and serving on such other boards, a director may become aware of potential resource property opportunities which are of interest to more than one of the companies on whose boards that person serves. Furthermore, it is possible that the directors of the Company and the directors of one or more such other companies (many of which are described herein) may also agree to allow joint participation on the properties on which the Company holds royalties, or the properties of that other company. Accordingly, situations may arise in the ordinary course, which involve a director in an actual or potential conflict of interest as well as issues in connection with the general obligation of a director to make corporate opportunities available to the company whose board the director serves. In all such events, any director is required to disclose a financial interest in a contract or transaction by virtue of office, employment or security holdings or other such interest in another company or in a property interest under consideration by the Board, and is obliged to abstain from voting as a director of the Company in respect of any transaction involving that other company or in respect of any property in which an interest is held by him. The directors will use their best business judgment to help avoid situations where conflicts or corporate opportunity issues might arise and they must at all times fulfil their duties to act honestly and in the best interests of the Company as required by law.

## 2. APPOINTMENT OF AUDITOR

Deloitte LLP (“**Deloitte**”), Chartered Professional Accountants, and Independent Registered Public Accounting Firm, Suite 2800, 1055 Dunsmuir Street, Vancouver, British Columbia, will be nominated at the Meeting for appointment as auditor of the Company. Deloitte was first appointed auditor of the Company in 2020.

## 3. AMENDMENT AND RE-APPROVAL OF SHARE OPTION PLAN

The Company has a share option plan (the “**Share Option Plan**”), initially adopted by the Company on April 3, 2017 and amended on August 11, 2017.

The maximum aggregate number of Common Shares that may be reserved for issuance at any time under the Share Option Plan, together with Common Shares reserved for issuance under any other security-based compensation arrangements adopted by the Company, is 10% of the number of issued and outstanding Common Shares at the time of grant. This means that the Share Option Plan is considered a “rolling” stock option plan, as the number of shares available for issue increases with the number of the Company’s issued and outstanding shares. Policy 4.4 of the TSXV requires that rolling stock plans must be approved by shareholders on an annual basis. The Share Option Plan was last approved by shareholders of the Company at its annual general meeting held on September 8, 2020.

In connection with the seeking re-approval of the Share Option Plan, the Company is also seeking to make certain amendments to the Share Option Plan, as more fully described below. Accordingly, shareholders will be asked at the Meeting to consider and, if thought fit, pass an ordinary resolution re-approving the Share Option Plan as proposed to be amended. A copy of the Share Option Plan as proposed to be amended is attached as Appendix A to this Information Circular.

### **Proposed Amendments to the Share Option Plan**

At the time the Share Option Plan was initially adopted, the Company was a “capital pool company” that had yet to complete a “qualifying transaction” in accordance with Policy 2.4 of the TSXV. Now that the Company has completed its qualifying transaction, it considers certain amendments to the Share Option Plan to be appropriate.

In particular, the Company proposes to amend the Share Option Plan to delete that any provisions or clauses which specifically provide that they are only applicable if and the extent that the Company has not yet completed a qualifying transaction. These provisions are no longer applicable and do not need to be included in the Share Option Plan on a go-forward basis. Similarly, the Company also proposes to delete certain provisions or clauses that are only applicable if the Company is listed on the NEX Exchange (“**NEX**”) as a consequence of failing to maintain ongoing compliance with the listing requirements of the TSXV.

In addition to amending the Share Option Plan to remove provisions or clauses that would only be applicable if the Company had not completed its qualifying transaction or was listed on the NEX, the Company is also proposing a number of other amendments the Company considers appropriate. In addition to certain minor amendments to cure drafting inconsistencies, the proposed amendments to the Share Option Plan principally comprise the following:

- Consistent with the requirements of Policy 4.4, the Company proposes to amend the Share Option Plan to provide that the exercise price of options granted within 90 days following completion of a prospectus offering cannot be less than the issue price of Common Shares sold to public investors in such offering.
- The Company proposes to amend the Share Option Plan to reflect that the vesting of options is time-based only. Consistent with market practice, the vesting of options granted by the Company are not subject to the satisfaction of performance milestones.

- The Company proposes to amend the Share Option Plan to provide the Board with the discretion to determine the manner in which unexercised options are treated in a change of control scenario, thereby ensuring that the Board has the flexibility to ensure that share options can be appropriately dealt with in the context of any change of control or other similar transaction.
- The Company proposes to amend the Share Option Plan to include a provision that extends the expiry date of unexercised options that would otherwise expire during a “blackout period” (a period when insiders of the Company are restricted from trading in securities of the Company because material information with respect to the Company has not yet been disclosed to the public).
- The Company proposes to amend the Share Option Plan to permit the Company to grant “incentive stock options” to eligible participants resident or otherwise subject to taxation in the United States. This amendment will provide the Company with additional flexibility to utilize the Share Option Plan to attract and retain qualified personnel resident in other jurisdictions on a go-forward basis.
- The Company proposes to amend the Share Option Plan to include provisions that provide it with greater flexibility to comply with any applicable withholding obligations in connection with the grant or exercise of any options.
- The Company proposes amendments to the Share Option Plan intended to clarify that any proposed amendments to the Share Option Plan are subject to the TSXV approval (including, where applicable, the requirement to obtain shareholder approval of any proposed amendments in accordance with Policy 4.4 of the TSXV).

## **Material Terms**

The Share Option Plan is administered by the Board or, if appointed, by a special committee of directors appointed from time to time by the Board. The following is a summary of the material terms of the Share Option Plan, as proposed to be amended.

### *Eligible Participants*

The Share Option Plan provides that options may be granted to directors, officers, employees, management company employees or consultants of the Company or its affiliates. Subject to the limitations described herein, the Board shall grant options to eligible participants at such time and in such amount as it from time to time determines.

### *Shares Available for Issuance*

The maximum aggregate number of Common Shares that may be reserved for issuance at any time under the Share Option Plan, together with Common Shares reserved for issuance under any other security-based compensation arrangements adopted by the Company, is 10% of the number of issued and outstanding Common Shares at the time of grant. When a stock option expires or otherwise terminates for any reason without having been exercised in full, the number of underlying shares which have not been issued pursuant to that expired or terminated stock option again become available for the purposes of the Share Option Plan. This means that the Share Option Plan is considered a “rolling” stock option plan, as the number of shares available for issue increases with the number of the Company’s issued and outstanding shares.

### *Limitations on the Grant of Stock Options*

In addition to the restriction on the aggregate number of Common Shares that may be reserved for issuance at any time under the Share Option Plan as described immediately above, the Share Option Plan includes the following limitations:

- the number of Common Shares reserved for issuance under stock options granted to any one person in any 12 month period, together with Common Shares issuable pursuant to any other security-based compensation arrangements adopted by the Company, cannot exceed 5% of the number of issued and outstanding Common Shares at the time of grant unless the Company has obtained disinterested shareholder approval in accordance with the requirements of the TSXV;
- the aggregate number of Common Shares reserved for issuance under stock options granted to persons retained to provide Investor Relations Activities (as such term is defined in the policies of the TSXV) in any 12 month period, together with Common Shares issuable pursuant to any other security-based compensation arrangements adopted by the Company, cannot exceed 2% of the number of issued and outstanding Common Shares at the time of grant; and
- the aggregate number of Common Shares reserved for issuance under stock options granted to any one consultant in any 12 month period, together with Common Shares issuable pursuant to any other security-based compensation arrangements adopted by the Company, cannot exceed 2% of the number of issued and outstanding Common Shares at the time of grant.

#### *Exercise Price*

The exercise price of the Common Shares covered by each option shall be determined by the Board, provided, however, that the exercise price shall not be less than the closing trading price of the Common Shares on the TSXV on the day immediately prior to the grant date and, in any event, shall not be less than \$0.05 without the prior approval of the TSXV. As described under the heading “Proposed Amendment to Share Option Plan” above, the Company proposes to amend the Share Option Plan to provide that the exercise price of options granted within 90 days following completion of a prospectus offering cannot be less than the issue price of Common Shares sold to public investors in such offering.

#### *Maximum Term*

The maximum term of any option shall not exceed ten years from the date the option is granted. As described under the heading “Proposed Amendment to Share Option Plan” above, the Company proposes to amend the Share Option Plan to include a provision that extends the expiry date of unexercised options that would otherwise expire during a “blackout period” (a period when insiders of the Company are restricted from trading in securities of the Company because material information with respect to the Company has not yet been disclosed to the public).

#### *Vesting*

Subject to any vesting restrictions imposed by the TSXV, the Board may, in its sole discretion, determine the vesting conditions that will apply to any option granted under the Share Option Plan. Stock options granted to parties retained to provide Investor Relations Activities must vest in stages over a period of no less than 12 months, with no more than 25% of such options vesting in any three-month period.

#### *Expiration or Termination*

Under the Share Option Plan, any options that remain unvested on the date the applicable optionholder ceases to serve as a director, employee, management company employee or consultant to the Company will automatically terminate and be of no further force and effect.

Vested options may not be exercised after the date on which the optionholder ceases to serve or be employed as a director, officer, employee, management company employee or consultant, as applicable, except as follows:

- in the case of the death of an optionholder, any vested option will be exercisable by the optionholder's lawful personal representatives, heirs or executors until the earlier of (i) the expiry date of the option and (ii) one year after the date of death; and
- unless the optionholder is dismissed from service or employment for cause, any vested option will be exercisable until the earlier of (i) the expiry date of the option and (ii) 90 days after the date on which the optionholder ceases to serve or be employed as a director, officer, employee, management company employee or consultant (or such other time not to exceed one year as the Board determines).

If an optionholder is dismissed from service or employment for cause, all options held by the optionholder, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same.

#### *Transfer or Assignment*

Stock options granted under the Share Option Plan may not be assigned or transferred, provided that a personal representative may exercise a stock option on behalf of an optionholder.

#### **Re-Approval of the Share Option Plan**

Policy 4.4 of the TSXV requires that "rolling" stock option plans must be approved by shareholders on an annual basis. Accordingly, shareholders will be asked at the Meeting to consider and, if thought fit, approve an ordinary resolution re-approving the Share Option Plan, as proposed to be amended.

The resolution with respect to the re-approval of the Share Option Plan must be passed by a simple majority of the votes cast either in person or by proxy at the Meeting (excluding votes cast by or on behalf of insiders of the Company who are eligible to receive options). In the absence of instructions to the contrary, proxies given pursuant to the solicitation of proxies by management of the Company will be voted FOR the resolution re-approving the Share Option Plan.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

"BE IT RESOLVED as an ordinary resolution of the shareholders of the Company that:

- (i) The Company's amended share option plan (the "**Share Option Plan**"), in the form attached as Appendix A to the management information circular of the Company dated October 18, 2021, be re-approved.
- (ii) The Company be authorized to grant stock options, pursuant and subject to the terms and conditions of the Share Option Plan, such that the aggregate number of common shares in the capital of the Company ("**Common Shares**") issuable upon the exercise of options outstanding under the Share Option Plan, in combination with the aggregate number of Common Shares which may be issuable under any and all of the Company's security-based compensation arrangements in existence from time to time, shall not exceed 10% of the number of issued and outstanding Common Shares as at the time of the grant.
- (iii) Any director or officer of the Company be and is hereby authorized and directed, on behalf of the Company, to take all necessary steps and proceedings that may be necessary or desirable to give effect to the foregoing resolutions."

The Board unanimously recommends that shareholders vote FOR the resolution in respect of the Share Option Plan set out above.

#### **4. APPROVAL OF RSU PLAN**

The Board has adopted the 2021 Restricted Share Unit Plan (the “**RSU Plan**”) to be effective as of November 18, 2021. Approval of the RSU Plan is subject to approval of the TSXV and the shareholders of the Company. Accordingly, shareholders will be asked at the Meeting to consider and, if thought fit, pass an ordinary resolution approving the RSU Plan. The TSXV has conditionally approved the RSU Plan, subject to approval of the shareholders.

The purpose of the RSU Plan is to assist in the recruitment and retention of highly qualified employees, consultants and directors by providing a means to incentivize participants and promote a greater alignment of long term interests between participants and shareholders of the Company. A copy of the RSU Plan is attached as Appendix B to this Information Circular.

As at the date of this Information Circular, no restricted share units (“**RSUs**”) have been issued under the RSU Plan.

##### **Material Terms**

The RSU Plan is administered by the Board or, if appointed, by a special committee of directors appointed from time to time by the Board. The following is a summary of the material terms of the RSU Plan.

##### *Eligible Participants*

The RSU Plan provides that RSUs may be granted to (i) employees and consultants of the Company and its subsidiaries and (ii) any director of the Company who is also an employee of the Company or any of its subsidiaries. Subject to the limitations described herein, the Board shall grant RSUs to eligible participants at such time and in such amount as it from time to time determines.

##### *Limitations on Issuance of Common Shares*

The maximum number of Common Shares issuable pursuant to the RSU Plan shall not exceed 1,000,000. In addition to the restriction on the aggregate number of Common Shares that may be issued under the RSU Plan as described immediately above, the RSU Plan includes the following limitations:

- the number of Common Shares issuable pursuant to RSUs granted to one person in any 12 month period, together with Common Shares issuable pursuant to any other security-based compensation arrangements adopted by the Company, cannot exceed 5% of the number of issued and outstanding Common Shares at the time of grant unless the Company has obtained disinterested shareholder approval in accordance with the requirements of the TSXV;
- the aggregate number of Common Shares issuable pursuant to RSUs granted to any one consultant in any 12 month period, together with Common Shares issuable pursuant to any other security-based compensation arrangements adopted by the Company, cannot exceed 2% of the number of issued and outstanding Common Shares at the time of grant; and
- no RSUs may be granted to employees or consultants retained to provide Investor Relations Activities.

##### *Vesting*

Unless otherwise determined by the Board, any RSUs granted to a participant will vest in three equal tranches on the first, second and third anniversary of the grant date. All RSUs shall vest within three years following the applicable grant date.

##### *Payout of Vested RSUs*

On vesting, holders of RSUs are entitled to receive, at the option of the Company, either (i) the equivalent number of Common Shares, (ii) a cash payment equal to the then-current market value of the equivalent number of Common Shares or (iii) a combination of the foregoing. If the Company elects to satisfy its payout obligation through the delivery of Common Shares, the Company may satisfy that delivery obligation by:

- subject to shareholder approval of the RSU Plan and the restrictions on the issuance of Common Shares described above, issuing Common Shares from treasury; or
- delivering Common Shares acquired in the open market by an independent broker engaged by the Company for the purpose of acquiring and delivering Common Shares in accordance with the RSU Plan.

The market value of a Common Share for purposes of determining the amount of a cash payment is the arithmetic average of the closing price of the Common Shares traded on the TSXV for the five trading days immediately preceding the payout date.

All amounts payable to or in respect of an RSU holder shall be paid within three years following the end of year in which the RSU was awarded

#### *Termination of RSUs*

Unless otherwise determined by the Company in accordance with the RSU Plan, RSUs which have not vested on a participant's termination date shall terminate and be forfeited. If a participant who is an employee is terminated without cause, all or any portion of the unvested RSUs held by such employee may, at the Company's discretion, continue to vest in accordance with their terms during any statutory or common law severance period or any period of reasonable notice required by law or as otherwise may be determined by the Company in its sole discretion.

#### *Transfer or Assignment*

RSUs granted under the RSU Plan may not be assigned or transferred except by will or laws of descent and distribution.

#### **Approval of the RSU Plan**

The resolution with respect to the approval of the RSU Plan must be passed by a simple majority of the votes cast either in person or by proxy at the Meeting (excluding votes cast by or on behalf of insiders of the Company who are eligible to receive RSUs). In the absence of instructions to the contrary, proxies given pursuant to the solicitation of proxies by management of the Company will be voted FOR the resolution approving the RSU Plan.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

"BE IT RESOLVED as an ordinary resolution of the shareholders of the Company that:

- (i) The 2021 Restricted Share Unit Plan (the "**RSU Plan**"), in the form attached as Appendix B to the management information circular of the Company dated October 18, 2021, be approved.
- (ii) The Company be authorized to grant restricted share units ("**RSUs**"), pursuant and subject to the terms and conditions of the RSU Plan, such that the aggregate number of common shares in the capital of the Company ("**Common Shares**") issuable in exchange for RSUs outstanding under the RSU Plan, in combination with the aggregate number of Common Shares which may be issuable under any and all of the Company's security-based compensation arrangements in existence from time to time, shall not exceed 10% of the number of issued and outstanding Common Shares as at the time of the grant.

- (iii) Any director or officer of the Company be and is hereby authorized and directed, on behalf of the Company, to take all necessary steps and proceedings that may be necessary or desirable to give effect to the foregoing resolutions.”

The Board unanimously recommends that shareholders vote FOR the resolution in respect of the RSU Plan set out above.

## 5. APPROVAL OF DSU PLAN

The Board has adopted the 2021 Non-Employee Director Deferred Share Unit Plan (the “**DSU Plan**”) to be effective as of November 18, 2021. Approval of the DSU Plan is subject to approval of the TSXV and the shareholders of the Company. Accordingly, shareholders will be asked at the Meeting to consider and, if thought fit, pass an ordinary resolution approving the DSU Plan. The TSXV has conditionally approved the DSU Plan, subject to approval of the shareholders.

The purpose of the DSU Plan is to assist in the recruitment and retention of highly qualified persons to serve on the Board and to promote a greater alignment of long term interests between participants and shareholders of the Company. A copy of the DSU Plan is attached as Appendix C to this Information Circular.

As at the date of this Information Circular, no deferred share units (“**DSUs**”) have been issued under the DSU Plan.

### Material Terms

The DSU Plan is administered by the Board or, if appointed, by a special committee of directors appointed from time to time by the Board. The following is a summary of the material terms of the DSU Plan.

#### *Eligible Participants*

The DSU Plan provides that DSUs may be granted to non-employee directors of the Company (“**Non-Employee Directors**”). Directors who are also employees of the Company are not eligible to receive DSUs.

#### *DSU Awards*

The Board from time to time establishes the amount of annual compensation payable to Non-Employee Directors. The annual compensation payable to Non-Employee Directors is payable in quarterly installments, with each installment payable as promptly as practicable following the last business day of the fiscal quarter to which it applies. Each Non-Employee Director may elect to receive DSUs in respect of up to 100% of his or her annual compensation by completing and delivering a written election to the Company on or before December 31<sup>st</sup> of the immediately prior year.

In addition to the grant of DSUs in respect of annual compensation, the Board may from time to time grant additional DSUs to Non-Employee Directors, subject to the limitations described herein.

#### *Limitations on Issuance of Common Shares*

The maximum number of Common Shares issuable pursuant to the DSU Plan shall not exceed 1,000,000. In addition to the restriction on the aggregate number of Common Shares that may be issued under the DSU Plan as described immediately above, the DSU Plan includes the following limitations:

- the number of Common Shares issuable pursuant to DSUs granted to one person in any 12 month period, together with Common Shares issuable pursuant to any other security-based compensation arrangements adopted by the Company, cannot exceed 5% of the number of issued and outstanding Common Shares at the time of grant unless the Company has obtained disinterested shareholder approval in accordance with the requirements of the TSXV; and

- no DSUs may be granted to Non-Employee Directors retained to provide Investor Relations Activities.

#### *Redemption of DSUs*

Each participant in the DSU Plan will be entitled to redeem his or her DSUs for a period of 90 days following the date such participant ceases to serve as a director of the Company. On redemption, holders of DSUs are entitled to receive, at the option of the Company, either (i) the equivalent number of Common Shares, (ii) a cash payment equal to the then-current market value of the equivalent number of Common Shares or (iii) a combination of the foregoing. If the Company elects to satisfy its payout obligation through the delivery of Common Shares, the Company may satisfy that delivery obligation by:

- subject to shareholder approval of the DSU Plan and the restrictions on the issuance of Common Shares described above, issuing Common Shares from treasury; or
- delivering Common Shares acquired in the open market by an independent broker engaged by the Company for the purpose of acquiring and delivering Common Shares in accordance with the DSU Plan.

The market value of a Common Share for purposes of determining the amount of a cash payment is the arithmetic average of the closing price of the Common Shares traded on the TSXV for the five trading days immediately preceding the payout date.

#### *Transfer or Assignment*

DSUs granted under the DSU Plan may not be assigned or transferred except by will or laws of descent and distribution.

#### **Approval of the DSU Plan**

The resolution with respect to the approval of the DSU Plan must be passed by a simple majority of the votes cast either in person or by proxy at the Meeting (excluding votes cast by or on behalf of insiders of the Company who are eligible to receive DSUs). In the absence of instructions to the contrary, proxies given pursuant to the solicitation of proxies by management of the Company will be voted in favour of the resolution approving the DSU Plan.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

“BE IT RESOLVED as an ordinary resolution of the shareholders of the Company that:

- (i) The 2021 Non-Employee Director Deferred Share Unit Plan (the “**DSU Plan**”), in the form attached as Appendix C to the management information circular of the Company dated October 18, 2021, be approved.
- (ii) The Company be authorized to grant deferred share units (“**DSUs**”), pursuant and subject to the terms and conditions of the DSU Plan, such that the aggregate number of common shares in the capital of the Company (“**Common Shares**”) issuable in exchange for DSUs outstanding under the DSU Plan, in combination with the aggregate number of Common Shares which may be issuable under any and all of the Company’s security-based compensation arrangements in existence from time to time, shall not exceed 10% of the number of issued and outstanding Common Shares as at the time of the grant.
- (iii) Any director or officer of the Company be and is hereby authorized and directed, on behalf of the Company, to take all necessary steps and proceedings that may be necessary or desirable to give effect to the foregoing resolutions.”

The Board unanimously recommends that shareholders vote FOR the resolution in respect of the DSU Plan set out above.

## **6. Alteration to Articles to Include Advance Notice Provision**

The Company is proposing that the Articles of the Company be altered to include an advance notice provision (the “**Advance Notice Provision**”) in order to (i) facilitate the orderly and efficient election of directors at annual general meetings of shareholders or, where the need arises special meetings of shareholders; (ii) ensure that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote.

The following is a summary of the Advance Notice Provision and is qualified by the full text of the proposed alteration of the Articles to include the Advance Notice Provision set out in Appendix D to this Information Circular.

### **Summary of Advance Notice Provision**

The purpose of the Advance Notice Provision is to ensure that all shareholders - including those participating by proxy rather than in person - receive adequate notice of the nominations to be considered at any meeting of shareholders at which directors will be elected and can thereby exercise their voting rights in an informed manner. The Advance Notice Provision is the framework by which the Company seeks to fix a deadline by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

Under the Advance Notice Provision, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any annual meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

- by or at the direction of the Board, including pursuant to a notice of meeting;
- by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the BCBCA or a requisition of the shareholders made in accordance with the provisions of the BCBCA; or
- by any person (a “**Nominating Shareholder**”) who (a) at the close of business on the date of the giving of the notice provided for below in the Advance Notice Provision and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (b) who complies with the notice procedures set forth below in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Company at the principal executive offices of the Company.

To be timely, a Nominating Shareholder’s notice to the secretary of the Company must be made:

- in the case of an annual meeting of shareholders, not less than 30 days prior to the date of such meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 65 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the 10th day following the Notice Date; and

- in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above. Notwithstanding the foregoing, the Board may, in its sole discretion, waive the time periods summarized above.

To be in proper written form, a Nominating Shareholder's notice to the secretary of the Company must set forth:

- as to each person whom the Nominating Shareholder proposes to nominate for election as a director, (a) the name, age, business address and residential address of the person; (b) the principal occupation or employment of the person for the past five years; (c) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (d) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the BCBCA and applicable securities laws; and
- as to the Nominating Shareholder giving the notice, the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the BCBCA and applicable securities laws.

The chair of the applicable meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding any other provision of the Advance Notice Provision, notice or any delivery given to the secretary of the Company pursuant to the Advance Notice Provision may only be given by personal delivery, facsimile transmission or by email (provided that the secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Pacific Time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

### **Approval of Advance Notice Provisions**

Under the Articles and the BCBCA, the alteration of the Company's Articles requires the approval by special resolution of two-thirds of the votes cast either in person or by proxy at the Meeting. In the absence of instructions to the contrary, proxies given pursuant to the solicitation of proxies by management of the Company will be voted **FOR** the resolution approving the alteration of the Company's Articles as described more fully in Appendix D.

The text of the special resolution to be considered at the Meeting will be substantially as follows:

“BE IT RESOLVED as a special resolution of the shareholders of the Company that:

- (i) The Articles of the Company be altered by adding the text substantially as set forth in Appendix D to the management information circular of the Company dated October 18, 2021 as and at Article 26 of the Articles.
- (ii) The Company be authorized to revoke this special resolution and abandon or terminate the alteration of the Articles if the Board deems it appropriate and in the best interest of the Company to do so without further confirmation, ratification or approval of the shareholders.
- (iii) Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions.”

The Board unanimously recommends that shareholders vote FOR the resolution in respect of the adoption of the Advance Notice Provision set out above.

## 7. DISINTERESTED SHAREHOLDER APPROVAL IN RESPECT OF GLOBEX WARRANTS

On August 11, 2021, the Company announced the closing of an acquisition of royalties from Globex Mining Enterprise Inc. (“**Globex**”). Upon completion of the transaction, the Company acquired an indirect 25% interest in the Middle Tennessee Mine Royalty and 100% interest in the Glassville Royalty for aggregate consideration of \$250,000, 9,000,000 Common Shares and 5,500,000 Warrants”, with each Warrant exercisable for one additional Common Share at an exercise price of \$0.60 for a period of four years from the closing of the transaction.

Following the closing of the transaction, Globex holds an aggregate of 12,000,000 Common Shares and 5,500,000 Warrants. The Common Shares currently held by Globex represent approximately 16.2% of the outstanding Common Shares. Assuming the exercise of the Warrants, Globex would have control and direction over an aggregate 17,500,000 Common Shares representing approximately 22.1% of the outstanding Common Shares after giving effect to the exercise of such Warrants (but assuming no exercise of any other outstanding warrants or options of the Company). As a holder of more than 20% of the outstanding voting securities of the Company, Globex would be a “Control Person” within the meaning of the policies of TSXV.

Under the rules and policies of the TSXV, any exercise of the Warrants that would result in Globex having beneficial ownership of, or control and direction over, 20% or more of the issued and outstanding Common Shares is subject to receipt of disinterested shareholder approval (excluding any votes cast by or on behalf of Globex). Accordingly, the Warrants issued to Globex on completion of the transaction provide that (i) the holder of the Warrant may not exercise any portion of the Warrants if and to the extent that such exercise will result in the holder having beneficial ownership of, or control and direction over, 20% or more of the issued and outstanding Common Shares except to the extent that the shareholders of the Company (on a disinterested basis, excluding any Common Shares held by Globex) have approved the issuance of such Common Shares and (ii) the Company is required to use commercially reasonable efforts to obtain disinterested shareholder approval for the issuance of Common Shares pursuant to the exercise of the Warrants.

To the extent that, as a result of the Company not having received approval of its shareholders that is required pursuant to the policies of the TSXV and provided that such approval is still required, Globex cannot exercise some or all of the Warrants at the time that such Warrants will expire in accordance with their terms and conditions, the expiration date of such Warrants will automatically be extended by one year, that is, to the date that is five years from the date of issuance (the “**Final Expiry Date**”) and provided further that if on the Final Expiry Date any Warrants that would expire on such date are “in the money” (based on the weighted average trading price per Common Share for the 20 consecutive trading days ending on the last trading day prior to the Final Expiry Date (the “**20 Day VWAP**”)) but cannot be exercised by Globex as a result of approval of the

Company's shareholders not having been obtained, the Company will cash settle such Warrants by paying to Globex an amount equal to the excess of the 20 Day VWAP over the exercise price of the Warrants, multiplied by the number of such Warrants.

### **Resolution in Respect of Globex Warrants**

The issuance of Common Shares to Globex pursuant to any exercise of the Warrants that would result in Globex having beneficial ownership of, or control and direction over, 20% or more of the issued and outstanding Common Shares requires the approval of a majority of votes cast either in person or by proxy at the Meeting (excluding votes cast by or on behalf of Globex). In the absence of instructions to the contrary, proxies given pursuant to the solicitation of proxies by management of the Company will be voted **FOR** the resolution approving the issuance of such Common Shares.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

"BE IT RESOLVED as an ordinary resolution of the shareholders of the Company that:

- (i) Any issuance of Common Shares pursuant to the exercise of warrants issued to Globex Mining Enterprise Inc. ("**Globex**") on August 11, 2021 that would result in Globex having beneficial ownership of, or control and direction over, 20% or more of the issued and outstanding Common Shares is hereby authorized and approved.
- (ii) Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions."

**The Board unanimously recommends that shareholders vote **FOR** the resolution in respect of the Common Shares issuable to Globex pursuant to the exercise of the Warrants set out above.**

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

National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, set forth as follows.

#### **THE AUDIT AND RISK COMMITTEE'S CHARTER**

The Audit and Risk Committee has adopted a charter setting out its mandate and responsibilities (the "**Audit and Risk Committee Charter**"). The Audit and Risk Committee Charter can be found at Appendix 6 to the Company's Corporate Governance Policies and Procedures Manual (the "**Manual**"), which is available for viewing under Corporate Governance of the Company's website [www.electricroyalties.com](http://www.electricroyalties.com).

#### **COMPOSITION OF THE AUDIT AND RISK COMMITTEE**

Members of the Audit and Risk Committee are Craig Lindsay (Chair), Marchand Snyman and Robert Schafer. Each member of the Audit and Risk Committee is financially literate and an independent director.

#### **RELEVANT EDUCATION AND EXPERIENCE**

See disclosure under heading "*Business of the Meeting – Election of Directors*".

As a result of their education and experience, each member of the Audit and Risk Committee has familiarity with, an understanding of, or experience in:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements; and
- an understanding of internal controls and procedures for financial reporting.

#### **AUDIT AND RISK COMMITTEE OVERSIGHT**

The Audit and Risk Committee has not made any recommendations to the Board to nominate or compensate any external auditor that was not adopted by the Board.

#### **RELIANCE ON CERTAIN EXEMPTIONS**

The Company’s external auditor, Deloitte, has not provided any material non-audit related services.

#### **PRE-APPROVAL POLICIES AND PROCEDURES**

Section 1(a)(iv) of the Audit and Risk Committee Charter states that the Audit and Risk Committee must review and approve in advance all permitted non-audit services with Company’s auditors and the Audit and Risk Committee may delegate the ability to pre-approve such services to a subcommittee, provided such subcommittee shall present its decision to the full Audit and Risk Committee at the following Audit and Risk Committee meeting. Other than the foregoing, the Audit and Risk Committee has not adopted specific policies and procedures for the engagement of non-audit services.

#### **EXTERNAL AUDITOR SERVICE FEES**

The audit committee has reviewed the nature and amount of the non-audit services provided by Deloitte to the Company to ensure auditor independence. Fees incurred with Deloitte for professional services in the last two fiscal years are outlined in the following table:

<b>Nature of Services</b>		<b>Year Ended Dec 31, 2020</b>	<b>Year Ended Dec 31, 2019</b>
Audit Fees	include fees necessary to perform the annual audit and quarterly reviews of the Company’s financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.	\$ 40,000	\$ 55,000
Audit-Related Fees	include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.	\$ Nil	\$ Nil
Tax Fees	include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or	\$ Nil	\$ Nil

	technical advice from tax authorities.		
All Other Fees	include all other non-audit services.	Nil	Nil
Total		\$ 40,000	\$ 55,000

## EXEMPTION

The Company is a venture issuer as defined by NI 52-110 and is relying upon the exemption in section 6.2 of NI 52-110 in respect of Part 5 – *Reporting Obligations*.

## CORPORATE GOVERNANCE

### GENERAL

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### BOARD OF DIRECTORS

Applicable governance policies require that a listed issuer’s board of directors determine the status of each director as independent or not, based on each director’s interest in or other relationship with, the Company. Applicable governance policies recommend that a board of directors be constituted with a majority of directors who qualify as independent directors (as defined below). A board of directors should also examine its size with a view of determining the impact of the number of directors upon the effectiveness of the board of directors, and the board of directors should implement a system which enables an individual director to engage an outside advisor at the expense of the Company in appropriate circumstances. The Company’s policies allow for retention of independent advisors for members of the Board when they consider it advisable.

Under the policies, an “independent” director is one who “has no direct or indirect material relationship” with the Company. Generally, a director is independent if he or she is free from any employment, business or other relationship that could, or could reasonably be expected to, materially interfere with the exercise of the director’s independent judgment. A material relationship includes having been (or having a family member who has been), within the last three years, an employee or executive of the Company or having been employed by the Company’s external auditor. Any individual who has (or whose family members or partners have) received directly or indirectly, any consulting, advisory, accounting, legal fee or investment banking compensation from the Company (other than compensation for acting as a director) is deemed to have a material relationship with the Company.

The independent members of the Board are Craig Lindsay, Marchand Snyman, and Robert Schafer.

Brendan Yurik, a current director and Chief Executive Officer, is considered non-independent due to his executive management functions with the Company.

The Board monitors the activities of senior management through regular meetings and discussions amongst the Board members and between the Board and senior management. Communication between the independent directors also occurs on an ongoing basis and as needs arise from regularly scheduled meetings of the Board. The Board also facilitates its independent supervision in a number of other ways including: by holding meetings

without the presence of management; by retaining independent consultants; by relying on experience and understanding the obligations and expectations of directors and officers; and by reviewing corporate developments with larger shareholders, analysts and potential industry partners, where it deems necessary. The Board encourages independent directors to bring up and discuss any issues or concerns and the Board is advised of and addresses any issues or concerns raised thereby. The Board is of the view that its communication policy between senior management, members of the Board and shareholders is good. The Board believes that adequate structures and processes are in place to facilitate the functioning of the Board with a sufficient level of independence from the Company's management. The Board is satisfied with the integrity of the Company's internal controls and financial management information systems.

#### **OTHER DIRECTORSHIPS**

The section entitled "*Business of the Meeting - Election of Directors*" above gives details of other reporting issuers of which each director is a director and/or officer where applicable.

#### **ORIENTATION AND CONTINUING EDUCATION**

When new directors are appointed, they receive an orientation commensurate with their previous experience on the Company's investments, business, and industry and on the responsibilities of the directors. The Company will focus on retaining experienced candidates as directors, and hence, the orientation needed should be minimized. Board meetings generally include presentations by the Company's senior management in order to give the directors full insight into the Company's operations.

#### **ETHICAL BUSINESS CONDUCT**

The Board has adopted a Code of Ethics and Trading Restrictions policy, which deals with issues concerning ethical conduct and insists that all members of management of the Company, and all employees adhere to this code. The Code of Ethics and Trading Restrictions Policy can be found in Appendix 4 to the Manual and is available for viewing on the Company's website, under Corporate Governance ([www.electricroyalties.com](http://www.electricroyalties.com)). The Board also understands that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

#### **NOMINATION OF DIRECTORS**

The Nominating and Governance Committee will consider the size of the Board each year when it considers the number of directors to recommend to the Board and shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The specific duties of the Nominating and Governance Committee can be found in the Nominating and Governance Committee Charter, which is set out as Appendix 8 to the Manual and available on the Company's website, under Corporate Governance ([www.electricroyalties.com](http://www.electricroyalties.com)).

The current members of the Nominating and Governance Committee are Marchand Snyman (Chair), Craig Lindsay and Robert Schafer.

#### **COMPENSATION**

The Compensation Committee reviews and recommends to the Board the compensation for the directors and executive officers, including the CEO, and its specific duties are prescribed in the Compensation Committee Charter, which is set out as Appendix 7 to the Manual and is available for viewing on the Company's website, under Corporate Governance ([www.electricroyalties.com](http://www.electricroyalties.com)).

The current members of the Compensation Committee are Robert Schafer (Chair), Marchand Snyman and Craig Lindsay.

#### OTHER BOARD COMMITTEES

The Board has no committees other than the Audit and Risk Committee, the Compensation Committee and the Nominating and Governance Committee.

#### ASSESSMENTS

The Board and the Nominating and Governance Committee monitor the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees. Under its charter, the Nominating and Governance Committee oversees an annual formal assessment of the Board and all its committees. The Board is satisfied with the overall corporate achievements of the Company and believes this reflects well on the Board and its practices.

#### STATEMENT OF EXECUTIVE COMPENSATION

See the report set out as Appendix E.

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

The following table sets out equity compensation plan information as at the December 31, 2020:

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	3,898,500	\$0.29	927,010
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	3,898,500	\$0.29	927,010

The following summarizes the changes in the number of Company share purchase options after December 31, 2020 and before the date of this Information Circular:

- Of total options outstanding at December 31, 2020, as presented in the table above, 426,000 options with exercise price of \$0.29 per option were exercised;
- Additional 4,000,000 options were granted as listed below:

Grant date	Grantees	Term	Exercise price	Number of options
February 2021	Advisor	3 years	\$0.280	200,000
August 2021	Advisor	3 years	\$0.400	300,000
October 2021	Advisor	18 months	\$0.400	150,000

October 2021	Directors and officers <sup>(1)</sup>	5 years	\$0.415	2,450,000
October 2021	Advisors and service providers	5 years	\$0.415	550,000
October 2021	Advisors and service providers	3 years	\$0.415	350,000
<hr/>				
Total options granted				4,000,000

(1) These options were granted to the following directors and officers of the Company: Mr. Yurik - 800,000 options; Mr. Snyman - 500,000 options; Mr. Lindsay 300,000 options; Mr. Schafer 300,000 options; Luqman Khan (CFO) - 300,000 options; and Trevor Thomas (Corporate Secretary) - 250,000 options.

See "*Business of the Meeting – Amendment and Re-Approval of Share Option Plan*" for a description of the material terms of the Company's Share Option Plan.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

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

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or could materially affect the Company or any of its subsidiaries during the fiscal year ended December 31, 2020, or has any interest in any material transaction in the current year other than as set out herein.

#### **MANAGEMENT CONTRACTS**

There are no management contracts.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is included in the Company's audited financial statements for the years ended December 31, 2020 and 2019, Report of Independent Accounting Firm, and related Management Discussion and Analysis filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of the Company's most recent interim financial statements and related management discussion and analysis, and additional information, may also be obtained from SEDAR and upon request from the Company at telephone no. (604) 639-9200 or Fax no. (604) 684-8092.

#### **OTHER MATTERS**

The Board of Directors is not aware of any other matters which it anticipates will come before the Meeting as of the date of this Information Circular.

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

**DATED** at Vancouver, British Columbia, October 19, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*/s/ Brendan Yurik*

**Brendan Yurik**  
**Chief Executive Officer**

## APPENDIX A

### ELECTRIC ROYALTIES LTD. (formerly known as Rebel Capital Inc.)

#### AMENDED SHARE OPTION PLAN

Amended and Restated as of November 18, 2021

#### ARTICLE 1 PURPOSE AND INTERPRETATION

##### Purpose

- 1.1 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 the TSX Venture Policies (as defined below) and any inconsistencies between this Plan and the TSX Venture Policies will be resolved in favour of the latter.

##### Definitions

- 1.2 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) **Blackout Period** means any period during which an Optionee is prohibited from exercising an Option due to trading restrictions imposed by the Company in accordance with its securities trading policies governing trades in the Company's securities;
- (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) **Business Day** means a day that the TSX Venture is open for trading;
- (f) **Change of Control** means:
  - (i) the acquisition, whether directly or indirectly, by a person or company, or any persons or companies acting jointly or in concert (as determined in accordance with the Securities Act and the rules and regulations thereunder) of voting securities of the Company which, together with any other voting securities of the Company held by such person or company or persons or companies, constitute, in the aggregate, more than 50% of all outstanding voting securities of the Company;
  - (ii) an amalgamation, arrangement or other form of business combination of the Company with another company which results in the holders of voting securities of that other company holding, in the aggregate, 50% or more of all outstanding voting securities of the corporation or other corporate entity (including a merged or successor company) resulting from the business combination; or

- (iii) the sale, lease or exchange of all or substantially all of the property of the Company to another person other than a subsidiary of the Company or other than in the ordinary course of business of the Corporation;
- (g) **Code** means the United States Internal Revenue Code of 1986, as amended from time to time, or any successor statute or statutes thereto (and reference to any specific Code section shall include any successor section);
- (h) **Common Shares** means common shares without par value in the capital of the Company;
- (i) **Company** means Electric Royalties Ltd. and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (j) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director that:
  - (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
  - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (k) **Consultant Company** means, for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (l) **Directors** means the directors of the Company as may be elected from time to time;
- (m) **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;
- (n) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (o) **Employee** means:
  - (i) an individual who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Company or a subsidiary thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, 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 over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;
- (p) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (q) **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;
- (r) **Grant Date** means, in respect of any Option, the date on which such Option is granted;
- (s) **Insider** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (t) **Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (u) **Management Company Employee** means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
- (v) **Market Price** as at any date means:
  - (i) the closing trading price of the Common Shares on the TSXV on the day immediately prior to such date;
  - (ii) if the Common Shares are not listed on the TSXV, then the closing trading price of the Common Shares on any other stock exchange on which the Common Shares are listed (if the Common Shares are traded on more than one stock exchange, then the stock exchange on which a majority of Common Shares are traded) on the day immediately prior to such date; or
  - (iii) if the Common Shares are not listed on a stock exchange, then the trading price determined by the Board using good faith discretion;
- (w) **Officer** means a Board appointed officer of the Company;
- (x) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (y) **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;
- (z) **Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (aa) **Optionee** means the recipient of an Option hereunder;
- (bb) **Outstanding Shares** means, at the relevant time, the number of issued and outstanding Common Shares of the Company at such time;

- (cc) **Participant** means a Service Provider that becomes an Optionee;
  - (dd) **Person** includes a company, an unincorporated entity or an individual;
  - (ee) **Plan** means this share option plan, the terms of which are set out herein, as it may be amended from time to time;
  - (ff) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in §2.2;
  - (gg) **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;
  - (hh) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, or any successor legislation;
  - (ii) **Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and also includes a company of which 100% of the share capital is beneficially owned by one or more Service Providers;
  - (jj) **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;
  - (kk) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting;
  - (ll) **TSX Venture** means the TSX Venture Exchange and any successor thereto; and
  - (mm) **TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time.
- 1.3 Words and phrases used in the Plan which are not defined in the Plan but are defined in the TSX Venture Policies will have the meaning assigned to them in the TSX Venture Policies.

## **ARTICLE 2 SHARE OPTION PLAN**

### **Establishment of Share Option Plan**

- 2.1 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.

### **Maximum Plan Shares**

- 2.2 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 the Plan is amended in accordance with the requirements of the TSX Venture Policies.

### **Eligibility**

- 2.3 Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board, subject to compliance with applicable TSX Venture Policies. 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 The Board is responsible for ensuring and confirming that any Employee, Consultant or Management Company Consultant who is granted Options under the Plan is a *bona fide* Employee, Consultant or Management Company Consultant, as applicable, at the time of grant including, if the Board considers it appropriate in the circumstances, requiring the Company and the applicable Participant to certify in writing that such Participant is a *bona fide* Employee, Consultant or Management Company Consultant.

### **Options Granted Under the Plan**

- 2.5 All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.
- 2.6 Subject to specific variations to the Plan in accordance with the terms hereof, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

### **Limitations on Issue**

- 2.7 Unless the Plan is amended in accordance with the requirements of the TSX Venture Policies or the TSX Venture otherwise consents:
- (a) the aggregate number of Plan Shares issuable pursuant to Options granted to any one Person in any 12 month period, together with the number of Common Shares issuable to such Person pursuant to any rights granted to such Person pursuant to Share Compensation Arrangements other than this Plan during such 12 month period, cannot exceed 5% of the Outstanding Shares calculated as of the applicable Grant Date unless the Company has obtained disinterested shareholder approval to do so in accordance with the TSXV Policies;
  - (b) the aggregate number of Plan Shares issuable pursuant to Options granted to all Service Providers retained to provide Investor Relations Activities, together with the number of Common Shares issuable to such Persons pursuant to any rights granted to such Persons pursuant to Share Compensation Arrangements other than this Plan during such 12 month period, in any 12 month period cannot exceed 2% of the Outstanding Shares calculated as of the applicable Grant Date; and
  - (c) the aggregate number of Plan Shares issuable pursuant to Options granted to any one Consultant in any 12 month period, together with the number of Common Shares issuable to Consultants pursuant to any rights granted to Consultants pursuant to Share Compensation Arrangements other than this Plan during such 12 month period, cannot exceed 2% of the Outstanding Shares calculated as of the applicable Grant Date.

### **Options Not Exercised**

- 2.8 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause 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.

### **Powers of the Board**

- 2.9 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.
- 2.10 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;
  - (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; and
  - (e) amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Service Providers (before a particular Option is granted) subject to the other terms hereof.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **Exercise Price**

- 3.1 The Exercise Price of an Option will be set by the Board at the time such Option is granted under the Plan and, in all cases, cannot be less than the Market Price as of the applicable Grant Date. If Options are granted within 90 days of a Distribution pursuant to a Prospectus, the Exercise Price will not be less than the price paid per share by the public investors in Common Shares acquired under the

Distribution. Notwithstanding the foregoing, the Exercise Price of an Option cannot be set at less than \$0.05 without the prior approval of the TSX Venture.

### **Term of Option**

- 3.2 Subject to the application of §3.9, an Option can be exercisable for a maximum of 10 years from the applicable Grant Date.

### **Vesting of Options**

- 3.3 Subject to §3.4, 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.

### **Vesting of Options Granted to Consultants Conducting Investor Relations Activities**

- 3.4 Notwithstanding §3.3, Options granted to Service Providers retained to provide Investor Relations Activities will vest:
- (a) over a period of not less than 12 months, as to 25% on the date that is three months from the applicable Grant Date and as to a further 25% on each successive date that is three months from the date of the previous vesting; or
  - (b) such longer vesting period as the Board may determine.

### **Optionee Ceasing to be Director, Employee or Service Provider**

- 3.5 No Option may be exercised by any Optionee after the date on which the Optionee ceases to serve or be employed as a Director, Officer, Employee, Management Company Employee or Consultant, as applicable, except as follows:
- (a) in the case of the death of an Optionee, any vested Option held by the Optionee will be exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of (i) the Expiry Date of such Option and (ii) one year after the date of death; and
  - (b) unless the Optionee is dismissed from service or employment for cause, any vested option will be exercisable until the earlier of (i) the Expiry Date of such Option and (ii) 90 days after the date on which such Optionee ceases to serve or be employed as a Director, Officer, Employee, Management Company Employee or Consultant (or such other time not to exceed one year as shall be determined by the Board as at the Grant Date or agreed to by the Board and the Optionee at any times prior to the expiry of the Option).

For the avoidance of doubt, in the case of an Optionee being dismissed from service or employment for cause, all Options held by such Optionee, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same.

### **Non Assignable**

- 3.6 Subject to §3.5, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

### **Adjustment Provisions**

- 3.7 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, 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 pursuant to the exercise of such Option, 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, 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 pursuant to the exercise of such Option, 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 and the Optionee will accept, at the time of purchase of Optioned Shares pursuant to the exercise of such Option, the number of shares of the appropriate class resulting from such change as the Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised immediately 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, 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 or amalgamation 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 (it being understood, for the avoidance of doubt, that 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 §3.7);
  - (e) any adjustment pursuant to this §3.7 will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this this §3.7 are cumulative;
  - (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder (and any fractional interest in a share that would, except for the provisions of this §3.7, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and
  - (g) if any questions arise at any time with respect to the amount or type of property deliverable upon exercise of an Option in any of the events set out in this §3.7, 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 Vancouver, British Columbia (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. Such determination will be binding upon the Company and all Optionees.

- 3.8 Notwithstanding any other provision of the Plan, in the event of a proposed Change of Control, the Board may, as deemed necessary or equitable by the Board in its sole discretion, but subject to compliance with any restrictions on vesting of options set forth in the TSX Venture Policies, determine the manner in which all unexercised Options granted under the Plan will be treated, including without limitation accelerating the vesting of such Options or requiring the acceleration of the time for the exercise of such Options by the holders thereof and of the time for the fulfillment of any conditions or restrictions on such exercise. All determinations of the Board under this §3.8 will be binding for all purposes of the Plan.

#### **Extension of Options Expiring During Blackout Period**

- 3.9 Should the Expiry Date for an Option fall within a Blackout Period, or within nine Business Days following the expiration of a Blackout Period, such Expiry Date shall be automatically extended without any further act or formality to that day which is the tenth 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; provided, however, that the Expiry Date may not be extended if the Optionee or the Company is subject to a cease trade order under applicable securities laws in respect of the Company's securities.

#### **Incentive Stock Options**

- 3.10 The following provisions shall apply, in addition to the other provisions of the Plan which are not inconsistent therewith, to Options intended to qualify as incentive stock options ("**ISOs**") under section 422 of the Code:
- (a) Options may be granted as ISOs only to individuals who are employees of the Company or any present or future "subsidiary corporation" or "parent corporation" as those terms are defined in section 424 of the Code (collectively, "**Related Companies**") and ISOs shall not be granted to nonemployee directors or independent contractors;
  - (b) for purposes of this section, "Disability" shall mean "permanent and total disability" as defined in section 22(e)(3) of the Code;
  - (c) if an Optionee ceases to be employed by the Company other than by reason of death or Disability, Options shall be eligible for treatment as ISOs only if exercised no later than three months following such termination of employment;
  - (d) the Exercise Price in respect of Options granted as ISOs to employees who own more than 10% of the combined voting power of all classes of stock of the Company (a "**10% Shareholder**") shall be not less than 110% of the fair market value per Common Share on the Grant Date and the term of any ISO granted to a 10% Shareholder shall not exceed five years measured from the Grant Date;
  - (e) Options held by an Optionee shall be eligible for treatment as ISOs only if the fair market value (determined at the Grant Date) of the Common Shares with respect to which such Options and all other options intended to qualify as "incentive stock options" under section 422 of the Code held by such individual and granted under the Plan or any other plan of a Related Company and which are exercisable for the first time by such individual during any one calendar year does not exceed US\$100,000;

- (f) by accepting an Option granted as an ISO under the Plan, each Optionee agrees to notify the Company in writing immediately after such Optionee makes a "Disqualifying Disposition" of any stock acquired pursuant to the exercise of such ISO (and, for this purpose, a Disqualifying Disposition is any disposition occurring on or before the later of (i) the date two years following the Grant Date or (ii) the date one year following the date the ISO was exercised;
- (g) notwithstanding that the Plan shall be effective when adopted by the Board, no ISO granted under the Plan may be exercised until the Plan is approved by the Company's shareholders and, if such approval is not obtained within 12 months after the date of the Board's adoption of the Plan, then all ISOs previously granted shall terminate and cease to be outstanding and the provisions of this §3.10 shall cease to have effect; furthermore, the Board shall obtain shareholder approval within 12 months before or after any increase in the total number of Common Shares that may be issued under the Plan pursuant to Options intended to be ISOs or any change in the class of employees eligible to receive ISOs under the Plan;
- (h) no modification of an outstanding Option that would provide an additional benefit to an Optionee, including but not limited to a reduction of the Exercise Price or extension of the Expiry Date, shall be made without consideration and disclosure of the likely U.S. federal income tax consequences to the Optionees affected thereby; and
- (i) ISOs shall be neither transferable nor assignable by the Optionee other than by will or the laws of descent and distribution and may be exercised, during the Optionee's lifetime, only by such Optionee.

#### **ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES**

##### **Option Commitment**

- 4.1 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.

##### **Manner of Exercise**

- 4.2 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 by the Optioned Shares being acquired.

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such other procedures and conditions as it determines appropriate with respect to the payment, funding or withholding of amounts required by law to be withheld on the exercise of Options under this Plan.

##### **Delivery of Certificate and Hold Periods**

- 4.3 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to

the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws. Further, if the Exercise Price is below the Market Price on the issue date, the certificate will, if applicable, bear a legend stipulating that the Optioned Shares are subject to a four month TSX Venture hold period commencing on the applicable Grant Date.

## **ARTICLE 5 GENERAL**

### **Employment and Services**

- 5.1 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 the same. Participation in the Plan by an Optionee is voluntary.

### **No Representation or Warranty**

- 5.2 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 with respect to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

### **Amendment by the Board**

- 5.3 Subject to any requirement under the TSX Venture Policies to obtain shareholder approval or the approval of the TSX Venture, the Board may make the following types of amendments to the Plan or any Option granted thereunder:
- (a) amendments of a "housekeeping" or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
  - (b) amendments necessary to comply with the provisions of applicable law (including the TSX Venture Policies);
  - (c) amendments respecting administration of the Plan;
  - (d) any amendment to the vesting provisions of the Plan or any Option granted thereunder;
  - (e) any amendment to the early termination provisions of the Plan or any Option, whether or not such Option is held by an Insider, provided such amendment does not entail an extension beyond the original Expiry Date;
  - (f) any amendments necessary to suspend or terminate the Plan; and
  - (g) any other amendment, whether fundamental or otherwise, not requiring shareholder approval or disinterested shareholder approval under applicable law (including the TSX Venture Policies).

### **Disinterested Shareholder Approval**

- 5.4 In addition to any other requirement under applicable laws (including the TSX Venture Policies) to obtain shareholder approval or disinterested shareholder approval in connection with any proposed amendment to the Plan or any Option granted thereunder, the Company will be required to obtain disinterested shareholder approval in accordance with the TSXV Policies prior to any reduction in the Exercise Price of an Option previously granted to an Insider.

### **Interpretation**

- 5.5 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

### **Continuation of Plan**

- 5.6 The Plan was approved by the shareholders of the Company and became effective on January 25, 2018 and is amended and restated effective as of November 18, 2021.

**SCHEDULE A  
SHARE OPTION PLAN**

**OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "**Grant Date**") ELECTRIC ROYALTIES LTD. (the "**Company**") has granted to \_\_\_\_\_, (the "**Optionee**"), an Option to acquire \_\_\_\_\_ Common Shares ("**Optioned Shares**") at any time prior to 5:00 p.m. Vancouver Time on the \_\_\_\_\_ day of, \_\_\_\_\_ (the "**Expiry Date**") at a price (the "**Exercise Price**") of CDN\$ \_\_\_\_\_ per share.

Optioned Shares will vest and may be exercised as follows:

[INSERT VESTING SCHEDULE] [ INSERT VESTING TERMS]

[The Option shall expire \_\_\_\_\_ days after the date the Optionee ceases to be employed by or provide services to the Company.]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Amended Share Option Plan made effective as of November 18, 2021, which are hereby incorporated herein and forms part hereof.

To exercise your Option, deliver to the Company a written notice specifying the number of Optioned Shares you wish to acquire, together with cash, certified cheque or bank draft payable to the Company for the aggregate Exercise Price and the aggregate of any amounts required by law to be withheld by the Company on the exercise of such Option. Notwithstanding the foregoing, the Optionee may be obligated to comply with such other procedures and conditions implemented by the Company with respect to the payment, funding or withholding of such amounts to be withheld.

**ELECTRIC ROYALTIES LTD.**

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
[insert name of optionee]

## APPENDIX B

### ELECTRIC ROYALTIES LTD.

#### 2021 RESTRICTED SHARE UNIT PLAN

EFFECTIVE DATE: November 18, 2021

#### 1. PURPOSE

- 1.1 This Plan has been established by the Corporation to assist the Corporation in the recruitment and retention of highly qualified employees, consultants and directors by providing a means to reward superior performance, to motivate Participants (as defined below) to achieve important corporate and personal objectives and, through the issuance of Share Units to Participants, to promote a greater alignment of long term interests between such Participants and the shareholders of the Corporation.

#### 2. PLAN DEFINITIONS AND INTERPRETATIONS

In this Plan, the following terms have the following meanings:

- (a) **“Account”** means the bookkeeping account established and maintained by the Corporation for each Participant in which the number of Restricted Share Units of the Participant are recorded in accordance with the terms of the Plan;
- (b) **“Applicable Law”** means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules;
- (c) **“Award Year”** has the meaning specified in Section 3.1;
- (d) **“Board”** means the board of directors of the Company or any committee thereof duly empowered or authorized to administer the Plan;
- (e) **“Change of Control”** means:
- (i) the acquisition, whether directly or indirectly, by a person or company, or any persons or companies acting jointly or in concert (as determined in accordance with the *Securities Act* (British Columbia) and the rules and regulations thereunder) of voting securities of the Corporation which, together with any other voting securities of the Corporation held by such person or company or persons or companies, constitute, in the aggregate, more than 50% of all outstanding voting securities of the Corporation;
  - (ii) an amalgamation, arrangement or other form of business combination of the Corporation with another company which results in the holders of voting securities of that other company holding, in the aggregate, 50% or more of all outstanding voting securities of the corporation or other corporate entity (including a merged or successor company) resulting from the business combination; or
  - (iii) the sale, lease or exchange of all or substantially all of the property of the Corporation to another person, other than a subsidiary of the Corporation or other than in the ordinary course of business of the Corporation;

- (f) **“Common Shares”** means common shares of the Corporation and includes any securities of the Corporation into which such Common Shares may be converted, reclassified, redesignated, subdivided, consolidated, exchanged or otherwise changed, pursuant to a Reorganization or otherwise;
- (g) **“Corporation”** means Electric Royalties Ltd. and includes, unless the context otherwise requires, all of its successors according to law;
- (h) **“Designated Subsidiary”** means an entity (including a partnership) in which the Corporation holds, directly or indirectly, a majority voting interest and which has been designated by the Corporation as a Designated Subsidiary for purposes of the Plan from time to time;
- (i) **“Director”** means a director of the Corporation;
- (j) **“Eligible Consultant”** means an individual, other than an Employee, that (i) is engaged to provide on a *bona fide* basis consulting, technical, management or other services to the Corporation or any Designated Subsidiary under a written contract between the Corporation or the Designated Subsidiary and the individual or a company of which the individual consultant is an employee, (ii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Designated Subsidiary, and (iii) does not provide services in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the registrant's securities;
- (k) **“Eligible Director”** means any Director who is an employee of the Corporation (it being understood, for the avoidance of doubt, that non-employee Directors shall not be entitled to participate in the Plan);
- (l) **“Employee”** means an employee of the Corporation or any of its Designated Subsidiaries or any combination or partnership of such corporations;
- (m) **“Grant Agreement”** means an agreement between the Corporation and a Participant under which Restricted Share Units are granted, together with such amendments, deletions or changes thereto as are permitted under the Plan;
- (n) **“Grant Date”** means, in respect of a Restricted Share Unit, the date such Restricted Share Unit is granted to a Participant under the Plan;
- (o) **“Insider”** has the meaning provided for in Policy 4.1 of the TSXV Policies;
- (p) **“Investor Relations Activities”** means generally any activities or communications that can reasonably be seen to be intended to or be primarily intended to promote the merits or awareness of or the purchase or sale of securities of the Company;
- (q) **“Market Value”** means, with respect to a Common Share as at any date, the arithmetic average of the closing price of the Common Shares traded on the TSXV for the five trading days on which a board lot was traded immediately preceding such date (or, if the Common Shares are not then listed and posted for trading on the TSXV, on such stock exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Board). In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the Market Value of the Common Shares as determined by the Board in its discretion, acting reasonably and in good faith;

- (r) **“Outstanding Shares”** means, at any time, the number of issued and outstanding Common Shares of the Company at such time;
- (s) **“Participant”** means a bona fide full-time or part-time Employee, an Eligible Consultant or an Eligible Director who, in any such case, has been designated by the Corporation for participation in the Plan.
- (t) **“Plan”** means this 2021 Restricted Share Unit Plan;
- (u) **“Restricted Share Unit”** means a unit credited to a Participant by means of a bookkeeping entry in the books of the Corporation to a Participant pursuant to the Plan;
- (v) **“Section 409A”** means Section 409A of the *U.S. Internal Revenue Code of 1986, as amended*, and the Treasury Regulations promulgated thereunder as in effect from time to time;
- (w) **“Security Based Compensation Arrangement”** means any Restricted Share Unit 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;
- (x) **“Stock Exchange Rules”** means the applicable rules of any stock exchange upon which the Common Shares are listed;
- (y) **“Termination Date”** means, in respect of a Participant, the date on which such Participant ceases, for any reason, including resignation, termination, death or disability, to be an active Employee, Eligible Consultant or an Eligible Director, as the case may be;
- (z) **“TSXV”** means the TSX Venture Exchange;
- (aa) **“TSXV Policies”** means the rules and policies of the TSXV; and
- (bb) **“Vested Units”** means Restricted Share Units that have vested in accordance with the applicable Grant Agreement.

2.2 In this Plan, unless the context requires otherwise, words importing the singular number may be construed to extend to and include the plural number, and words importing the plural number may be construed to extend to and include the singular number.

### 3. GRANT OF RESTRICTED SHARE UNITS AND TERMS

3.1 The Corporation may grant Restricted Share Units to such Participant or Participants in such number and at such times as the Board may, in its sole discretion, determine. Unless otherwise determined by the Corporation in its sole discretion, a grant of Restricted Share Units to a Participant in any calendar year will be awarded solely in respect of services rendered by such Participant to the Corporation or a Designated Subsidiary, as the case may be, in the Corporation's or Designated Subsidiary's fiscal year ending in, or coincident with, such calendar year (the **“Award Year”**). The Board is responsible for ensuring and confirming that any Employee or Consultant who is granted Restricted Share Units under the Plan is a bona fide Employee or Consultant, as applicable, at the time of grant including, if the Board considers it appropriate in the circumstance, requiring the Company and the applicable Participant to certify in writing that such Participant is a *bona fide* Employee or Consultant.

3.2 In granting any Restricted Share Units to a Participant pursuant to Section 3.1, the Board shall designate:

- (a) the Grant Date;
- (b) the number of Restricted Share Units which are being granted to the Participant;
- (c) subject to Section 3.3, the date or dates on which all or a portion of the Restricted Share Units granted to such Participant shall become Vested Units ; and
- (d) if applicable, any restrictions on the manner in which the Corporation may satisfy its obligations pursuant to Section 6.1(a) of the Plan.

3.3 Unless otherwise determined by the Board, any Restricted Share Units granted to a Participant will vest in three equal tranches on the first, second and third anniversary of the Grant Date. All Restricted Share Units shall vest within three years following the applicable Grant Date, and all amounts payable to or in respect of a Participant shall be paid within three years following the end of the applicable Award Year.

#### 4. GRANT AGREEMENT

4.1 Each grant of a Restricted Share Unit will be set forth in a Grant Agreement containing terms and conditions required under the Plan and such other terms and conditions not inconsistent herewith as the Corporation may, in its sole discretion, deem appropriate.

#### 5. RESTRICTED SHARE UNIT ACCOUNTS

5.1 An Account shall be maintained by the Corporation for each Participant. On each Grant Date, a Participant's Account will be credited with the Restricted Share Units granted to such Participant on such Grant Date.

#### 6. PAYOUTS

6.1 On or as soon as reasonably practical after the day on which any Restricted Shares Units become Vested Units (a "Payout Date"), the applicable Participant shall be entitled to receive, and the Corporation shall issue, deliver or pay to such Participant, a payout with respect to those Vested Units in one of the following forms as determined by the Corporation in its sole discretion:

- (a) subject to disinterested shareholder approval of this Plan and the limitations set forth in Section 10, that number of Common Shares issued from treasury as is equal in number of Vested Units, net of any applicable deductions and withholdings;
- (b) subject to and in accordance with any Applicable Law, that number of Common Shares as is equal to the number of Vested Units purchased in the open market by an independent broker engaged by the Corporation for the purposes of acquiring and delivering Common Shares to Participants under the Plan, net of any applicable deductions and withholdings;
- (c) cash in an amount equal to the number of Vested Units multiplied by the Market Value of a Common Share on the Payout Date, net of any applicable deductions and withholdings; or
- (d) any combination of the foregoing.

6.2 Common Shares issued by the Corporation from treasury pursuant to Section 6.1(a) of the Plan shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Corporation would have received if the Common Shares had been issued for money.

- 6.3 The Corporation may withhold from any amount payable to a Participant under the Plan such amount as may be necessary so as to ensure that the Corporation or the Designated Subsidiary will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions. Each of the Corporation or a Designated Subsidiary shall also have the right in its discretion to satisfy any such withholding tax liability by retaining, acquiring or selling on behalf of a Participant any Common Shares which would otherwise be issued or delivered to a Participant pursuant to Section 6.1(a) of the Plan.

7. CHANGE OF CONTROL

- 7.1 All unvested Restricted Share Units shall automatically become Vested Units if, and at the same time as, a Change of Control occurs or the Board by resolution determines to accelerate the vesting of such Restricted Share Units for any reason, including a determination that a Change of Control is expected to occur, which in the opinion of the Board warrants an accelerated vesting of the Restricted Share Units. Any such determination may specify that, if for any reason, the Change of Control is not completed, the Corporation may revoke such determination.

8. TERMINATION OF EMPLOYMENT AND FORFEITURES

- 8.1 Unless otherwise determined by the Corporation or pursuant to Section 8.2, on a Participant's Termination Date, any Restricted Share Units in such Participant's Account which are not Vested Units shall terminate and be forfeited.
- 8.2 Notwithstanding Section 8.1, where a Participant ceases to be an Employee as a result of the termination of his or her employment without cause, all or a portion of the Restricted Share Units in such Participant's Account may, at the Corporation's discretion, be permitted to continue to vest, in accordance with their terms, during any statutory or common law severance period or any period of reasonable notice required by law or as otherwise may be determined by the Corporation in its sole discretion, provided that such period shall not be greater than 12 months.

9. ADJUSTMENTS

- 9.1 If there is a change in the outstanding Common Shares by reason of any share consolidation, stock split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board will make, as it deems advisable and subject to compliance with Applicable Laws, appropriate substitution and/or adjustment in the vesting conditions attached to any Restricted Share Units and the number and kind of shares or other securities or property reserved or to be issued, delivered or paid to Participants pursuant to the Plan as the Board considers fair and equitable in the circumstances.

10. RESTRICTIONS ON ISSUANCES

- 10.1 The maximum number of Common Shares issuable pursuant to the Plan shall not exceed 1,000,000.
- 10.2 The maximum number of Common Shares issuable pursuant to Restricted Share Units granted to any one Participant in any 12 month period, together with the number of Common Shares issuable pursuant to any rights granted to such Participant pursuant to any other Security Based Compensation Arrangements during such 12 month period, cannot exceed 5% of the number of Outstanding Shares calculated as of the applicable Grant Date unless the Corporation has obtained disinterested shareholder approval to do so in accordance with the TSXV Policies.
- 10.3 The aggregate number of Common Shares issuable pursuant to Restricted Share Units granted to any one Eligible Consultant in any 12 month period, together with the number of Common Shares issuable pursuant to any rights granted to such Eligible Consultant pursuant to any other Security Based

Compensation Arrangements during such 12 month period, cannot exceed 2% of the number of Outstanding Shares calculated as of the applicable Grant Date.

10.4 No Deferred Share Units may be granted to any Employee, Consultant or Director retained to provide Investor Relations Activities.

#### 11. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

11.1 Subject to the requirements of Applicable Law and receipt of any required regulatory approvals (including any approvals required to be obtained under Stock Exchange Rules), the Corporation may, without notice, at any time and from time to time, amend the Plan or any provisions thereof in such manner as the Corporation, in its sole discretion, determines appropriate, including:

- (a) for the purposes of making formal minor or technical modifications to any of the provisions of the Plan including amendments of a “clerical” or “housekeeping” nature;
- (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Plan;
- (c) to change the vesting provisions of any Restricted Share Units;
- (d) to change the termination provisions of any Restricted Share Units;
- (e) to make the amendments contemplated by Section 14.1(g); or
- (f) to make any amendments necessary or advisable because of any change in Applicable Law;

provided, however, that:

- (g) no such amendment of the Plan may be made without the consent of each affected Participant in the Plan if such amendment would adversely affect the rights of such affected Participant(s) under the Plan; and
- (h) disinterested shareholder approval shall be obtained in accordance with the requirements of the TSXV for any amendment that results in:
  - (i) any increase in the restrictions on the Issuance of Common Shares set forth in Section 10 (including without limitation the restriction on the maximum number of Common Shares issuable under the Plan set forth in Section **Error! Reference source not found.**);
  - (ii) a change to the provisions of this Section 11.1(h);
  - (iii) an expansion of the rights of a Participant to transfer or assign Restricted Share Units other than as set forth in Section 13.1; or
  - (iv) the addition of additional categories of Participants.

11.2 The Board may decide to discontinue granting awards under the Plan at any time in which case no further Restricted Share Units shall be awarded or credited under the Plan. Any Restricted Share Units which remain outstanding in a Participant’s Account at that time shall continue to be dealt with according to the terms of the Plan.

#### 12. ADMINISTRATION

- 12.1 Unless otherwise determined by the Board or required by Applicable Law, the Plan shall be administered by the Board. The Board shall have full and complete authority to interpret the Plan, to prescribe such rules and regulations and to make such other determinations as it deems necessary or desirable for the administration of the Plan. All actions taken and decisions made by the Board shall be final, conclusive and binding on all parties concerned, including the Participants and their beneficiaries and legal representatives, each Designated Subsidiary and the Corporation. All expenses of administration of the Plan shall be borne by the Corporation.
- 12.2 The Corporation shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the discharge of its duties. At such times as the Corporation shall determine, the Corporation shall furnish each Participant with a statement setting forth the details of his or her Restricted Share Units including the Grant Date, the vesting schedule and the number of Restricted Share Units and Vested Units held by such Participant. Such statement shall be deemed to have been accepted by the Participant as correct unless written notice to the contrary is given to the Corporation within 30 days after such statement is given to the Participant.
- 12.3 The Corporation may, at its discretion, appoint one or more persons or companies to provide services in connection with the Plan including without limitation, administrative and record-keeping services.
- 12.4 The Corporation will disclose to the public the implementation or any amendment of the Plan and, if and to the extent required pursuant to the TSXV Policies, the grant of any Restricted Share Units that may be paid out in Common Shares.
13. GENERAL
- 13.1 No right to receive any benefits in respect of Restricted Share Units granted to any Participant under the Plan shall be transferable or assignable by a Participant except by will or laws of descent and distribution.
- 13.2 The Corporation's grant of any Restricted Share Units or the issuance of any Common Shares hereunder is subject to compliance with Applicable Law. As a condition of participating in the Plan, each Participant agrees to comply with all Applicable Law and agrees to furnish to the Corporation or a Designated Subsidiary all information and undertakings as may be required to permit compliance with Applicable Law.
- 13.3 The Corporation shall not have any responsibility for or in respect of the tax consequences to a Participant in respect of the grant of Restricted Share Units or the payout of any benefit to such Participant under the Plan. The Corporation or a Designated Subsidiary may withhold from any amount payable to a Participant under this Plan such amount as may be necessary or desirable as determined by the Corporation in its sole discretion so as to ensure that the Corporation or the Designated Subsidiary will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding or remittance of tax or other required deductions or amounts, including on the amount, if any, includable in the income of a Participant. The Corporation shall also have the right in its discretion to satisfy any such withholding tax liability by retaining, acquiring or selling (on such terms as the Corporation determines in its sole discretion, and, in the case of a sale, without any requirement to obtain the best possible price) on behalf of a Participant any Common Shares which would otherwise be issued or provided to such Participant hereunder, or to require such Participant, as a condition of receiving any property under this Plan, to deliver cash or certified cheque payable to the Corporation for the amount of applicable tax as determined by the Corporation in its sole discretion.
- 13.4 A Participant shall not have the right or be entitled to exercise any voting rights, receive any distribution or have or be entitled to any other rights as a shareholder in respect of any Restricted Share Units.

- 13.5 Neither the designation of an Employee as a Participant nor the grant of any Restricted Share Units to any Participant entitles such Participant to the grant or any additional grant, as the case may be, of any Restricted Share Units under the Plan. Neither the Plan nor any action taken thereunder shall interfere with the right of the Corporation or a Designated Subsidiary to terminate a Participant's employment, or service under contract, at any time. Neither any period of notice, if any, nor any payment in lieu thereof, upon termination of employment, wrongful or otherwise, shall be considered as extending the period of employment for the purposes of the Plan.
- 13.6 Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect any Employee's employment or any consultant's contractual relationship with the Corporation or a Designated Subsidiary.
- 13.7 The Plan shall be an unfunded obligation of the Corporation. Neither the establishment of the Plan nor the grant of any Restricted Share Units or the setting aside of assets by the Corporation (if, in its sole discretion, it chooses to do so) shall be deemed to create a trust. The right of the Participant to receive payment pursuant to the Plan shall be no greater than the right of other unsecured creditors of the Corporation.
- 13.8 This Plan is established under the laws of the Province of British Columbia and the rights of all parties and the construction of each and every provision of the Plan and any Restricted Share Units granted hereunder shall be construed according to the laws of the Province of British Columbia.

14. SECTION 409A

- 14.1 It is intended that the provisions of this Plan comply with Section 409A, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding anything in the Plan to the contrary, the Corporation may provide in the applicable Grant Agreement with respect to Restricted Share Units granted to Participants whose benefits under the Plan are or may become subject to Section 409A, such terms and conditions as may be required for compliance with Section 409A. In addition, the following will apply to the extent that a Participant's Restricted Share Units are subject to Section 409A.
- (a) Except as permitted under Section 409A, any Restricted Share Units, or payment with respect to Restricted Share Units, may not be reduced by, or offset against, any amount owing by the Participant to the Corporation or any Designated Subsidiary.
- (b) If a Participant otherwise would become entitled to receive payment in respect of any Restricted Share Units as a result of his or her ceasing to be an Employee, an Eligible Consultant or Director upon a Termination Date, any payment made on account of such person ceasing to be an Employee, Eligible Consultant or Director shall be made at that time only if the Participant has experienced a "separation from service" (within the meaning of Section 409A).
- (c) If a Participant is a "specified employee" (within the meaning of Section 409A) at the time he or she otherwise would be entitled to payment as a result of his or her separation from service, any payment that otherwise would be payable during the six-month period following such separation from service will be delayed and shall be paid on the first day of the seventh month following the date of such separation from service or, if earlier, the Participant's date of death.
- (d) A Participant's status as a specified employee shall be determined by the Corporation as required by Section 409A on a basis consistent with the regulations under Section 409A and such basis for determination will be consistently applied to all plans, programs, contracts, agreements, etc. maintained by the Corporation that are subject to Section 409A.

- (e) Each Participant, any beneficiary or the Participant's estate, as the case may be, is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such Participant in connection with this Plan (including any taxes and penalties under Section 409A), and neither the Corporation nor any Designated Subsidiary or affiliate shall have any obligation to indemnify or otherwise hold such Participant or beneficiary or the Participant's estate harmless from any or all of such taxes or penalties.
- (f) If and to the extent that an amount would otherwise become payable upon a Change of Control as defined in the Plan, such payment will occur at that time only if such change of control also constitutes a "change in ownership", a "change in effective control" or a "change in the ownership of a substantial portion of the assets of the Corporation" as defined under Section 409A and applicable regulations (a "409A Change in Control"). If a Change of Control as defined in the Plan is not also a 409A Change in Control, unless otherwise permitted under Section 409A, the time for the payment of such amount will not be accelerated and will be payable pursuant to the terms of the Plan and applicable Grant Agreement as if such Change of Control had not occurred.
- (g) In the event that the Board determines that any amounts payable under the Plan will be taxable to a Participant under Section 409A prior to payment to such Participant of such amount, the Corporation may (i) adopt such amendments to the Plan and/or such Participant's Restricted Share Units and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Board determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and such Restricted Shares Units and/or (ii) take such other actions as the Corporation determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A.

Notwithstanding the provisions in Section 11.2, upon termination of the Plan payments will be made in accordance with the regulations issued under Section 409A regarding payments upon the termination of a nonqualified deferred compensation plan.

## APPENDIX C

### ELECTRIC ROYALTIES LTD. 2021 NON-EMPLOYEE DIRECTORS DEFERRED SHARE UNIT PLAN

EFFECTIVE DATE: November 18, 2021.

#### 1. PURPOSE

- 1.1 This Plan has been established by the Corporation to promote the interests of the Corporation by attracting and retaining qualified persons to serve on the Board and to promote a greater alignment of long term interests between such Participants and the shareholders of the Corporation.

#### 2. PLAN DEFINITIONS AND INTERPRETATIONS

In this Plan, the following terms have the following meanings:

- (a) **“Account”** means the bookkeeping account established and maintained by the Corporation for each Participant in which the number of Deferred Share Units of the Participant are recorded in accordance with the terms of the Plan;
- (b) **“Applicable Law”** means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and Stock Exchange Rules;
- (c) **“Board”** means the board of directors of the Company or any committee thereof duly empowered or authorized to administer the Plan;
- (d) **“Change of Control”** means:
- (i) the acquisition, whether directly or indirectly, by a person or company, or any persons or companies acting jointly or in concert (as determined in accordance with the *Securities Act* (British Columbia) and the rules and regulations thereunder) of voting securities of the Corporation which, together with any other voting securities of the Corporation held by such person or company or persons or companies, constitute, in the aggregate, more than 50% of all outstanding voting securities of the Corporation;
  - (ii) an amalgamation, arrangement or other form of business combination of the Corporation with another company which results in the holders of voting securities of that other company holding, in the aggregate, 50% or more of all outstanding voting securities of the Corporation (including a merged or successor company) resulting from the business combination; or
  - (iii) the sale, lease or exchange of all or substantially all of the property of the Corporation to another person, other than a subsidiary of the Corporation or other than in the ordinary course of business of the Corporation;
- (e) **“Common Shares”** means common shares of the Corporation and includes any securities of the Corporation into which such common shares may be converted, reclassified, redesignated, subdivided, consolidated, exchanged or otherwise changed, pursuant to a Reorganization or otherwise;

- (f) **“Corporation”** means Electric Royalties Ltd. and includes, unless the context otherwise requires, all of its successors according to law;
- (g) **“Deferred Share Unit”** means a unit credited to a Participant by way of a bookkeeping entry in the books of the Corporation pursuant to the Plan;
- (h) **“Grant Date”** means, in respect of a Deferred Share Unit, the date such Deferred Share Unit is granted to a Participant under the Plan;
- (i) **“Market Value”** means, with respect to a Common Share as at any date, the arithmetic average of the closing price of the Common Shares traded on the TSXV for the five trading days on which a board lot was traded immediately preceding such date (or, if the Common Shares are not then listed and posted for trading on the TSXV, on such stock exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Board). In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the Market Value of the Common Shares as determined by the Board in its discretion, acting reasonably and in good faith;
- (j) **“Non-Employee Director”** means a non-employee director of the Corporation;
- (k) **“Notice of Redemption”** means written notice, on a prescribed form, by the Participant, or the administrator or liquidator of the estate of the Participant, to the Corporation of the Participant’s wish to redeem his or her Deferred Share Units.
- (l) **“Participant”** means a Non-Employee Director who has elected to receive or otherwise been granted Deferred Share Units pursuant to the Plan;
- (m) **“Plan”** means this 2021 Non-Employee Directors Deferred Share Unit Plan;
- (n) **“Redemption Date”** means the date that a Notice of Redemption is received by the Corporation;
- (o) **“Section 409A”** means Section 409A of the *U.S. Internal Revenue Code of 1986, as amended*, and the Treasury Regulations promulgated thereunder as in effect from time to time;
- (p) **“Security Based Compensation Arrangement”** means any Deferred Share Unit 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;
- (q) **“Stock Exchange Rules”** means the applicable rules of any stock exchange upon which the Common Shares are listed;
- (r) **“Termination Date”** means, in respect of a Participant, the date such Participant ceases, for any reason, including resignation, termination, death or disability, to serve as a director of the Corporation;
- (s) **“TSXV”** means the TSX Venture Exchange; and
- (t) **“U.S. Eligible Participant”** means a Participant who, at any time during the period from the date Deferred Share Units are granted to such Participant to the date such Deferred Share Units are redeemed by the Participant, is subject to income taxation in the United States on the income received for his or her services as a director of the Corporation and who is not otherwise exempt from U.S. income taxation under the relevant provisions of the *U.S. Internal*

*Revenue Code of 1986, as amended, or the Canada-U.S. Income Tax Convention, as amended from time to time.*

3. NON-EMPLOYEE DIRECTOR COMPENSATION

3.1 The Board shall from time to time establish the amount of annual compensation (“**Annual Base Compensation**”) payable to Non-Employee Directors. The Annual Base Compensation shall be payable in quarterly installments, with each installment payable as promptly as practicable following the last business day of the fiscal quarter to which it applies. Quarterly payments shall be pro rated if Board service commences or terminates during a fiscal quarter.

3.2 Subject to the restrictions set forth in Section 8, each Non-Employee Director may elect to receive Deferred Shares Units in respect of up to 100% of his or her Annual Base Compensation by completing and delivering a written election to the Corporation on or before December 31<sup>st</sup> of the calendar year ending immediately before the calendar year with respect to which the election is made. Further, where an individual becomes a Non-Employee Director for the first time during a fiscal year and such individual has not previously participated in a plan that is required to be aggregated with this Plan for purposes of Section 409A, such individual may elect to participate in the Plan with respect to fiscal quarters of the Corporation commencing after the Corporation receives such individual’s written election, which election must be received by the Corporation no later than 30 days after such individual’s appointment as a director. For greater certainty, new Directors will not be entitled to receive DSUs pursuant to an election for the quarter in which they submit their first election to the Corporation or any previous quarter. Elections hereunder shall be irrevocable with respect to compensation earned during the period to which such election relates.

4. DEFERRED SHARE UNIT GRANTS AND ACCOUNTS

4.1 If and to the extent a Participant has elected to receive all or a portion of his or her Annual Base Compensation in the form of Deferred Share Units, effective as of the last day of each calendar quarter such Participant’s Account will be credited with that number of Deferred Share Units determined by dividing the dollar amount of Annual Base Compensation payable in Deferred Share Units in respect of such quarter by the greater of (i) the Discounted Market Price (as defined in the TSXV Policies) and (ii) the Market Value of a Common Share on such date. Fractional Deferred Share Units will not be issued and any fractional entitlements will be rounded down to the nearest whole number and, if and only if the dollar value of such fractional Deferred Share Unit is greater than \$10.00, paid in cash.

4.2 In addition to Deferred Share Units granted pursuant to Section 4.1, the Board may from time to time grant such number of Deferred Share Units to a Non-Employee Director as the Board deems advisable to provide the Participant with appropriate equity-based compensation for the services he or she renders to the Corporation and the Grant Date in respect thereof. On each Grant Date, a Participant’s Account will be credited with the Deferred Share Units granted to such Participant on such Grant Date.

5. REDEMPTION OF DEFERRED SHARE UNITS

5.1 Each Participant shall be entitled to redeem his or her Deferred Share Units during the period commencing on the business day immediately following the Termination Date and ending on the 90th day following the Termination Date by providing a written Notice of Redemption to the Corporation. In the event of death of a Participant, the Notice of Redemption shall be filed by the legal representative of the Participant; provided that, in the case of death of a U.S. Eligible Participant, the Notice of Redemption will be deemed to be made on the earlier of (i) “separation from service” within the meaning of Section 409A, or (ii) within 90 days of the U.S. Eligible Participant’s death.

5.2 Upon redemption of Deferred Share Units in accordance with Section 5.1, the Participant shall be entitled to receive, and the Corporation shall issue, deliver or pay to such Participant, a payout with

respect to those Vested Units in one of the following forms as determined by the Corporation in its sole discretion:

- (a) subject to shareholder approval of this Plan and the limitations set forth in Section 8, that number of Common Shares issued from treasury as is equal to the number of Deferred Share Units in the Participant's Account, net of any applicable deductions and withholdings;
- (b) subject to and in accordance with any Applicable Law, that number of Common Shares as is equal to the number of Deferred Share Units in the Participant's Account purchased by an independent broker engaged by the Corporation for the purposes of acquiring and delivering Common Shares to Participants under the Plan, net of any applicable deductions and withholdings;
- (c) cash in an amount equal to the number of DSUs in the Participant's Account by the Market Value of a Common Share on the Redemption Date, net of any applicable deductions and withholdings; or
- (d) any combination of the foregoing.

5.3 Common Shares issued by the Corporation from treasury pursuant to Section 5.2(a) of the Plan shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Corporation would have received if the Common Shares had been issued for money.

5.4 The Corporation may withhold from any amount payable to a Participant under the Plan such amount as may be necessary so as to ensure that the Corporation will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions. The Corporation shall also have the right in its discretion to satisfy any such withholding tax liability by retaining, acquiring or selling on behalf of a Participant any Common Shares which would otherwise be issued or delivered to a Participant pursuant to Section 5.2(a) of the Plan.

5.5 Notwithstanding any other provision of this Plan, all amounts payable to, or in respect of, a Participant hereunder shall be paid on or before December 31 of the calendar year commencing immediately after the Participant's Termination Date.

## 6. CHANGE OF CONTROL

6.1 Notwithstanding any other provision of the Plan, in the event of a proposed Change of Control, the Board may, as deemed necessary or equitable by the Board in its sole discretion, determine the manner in which all unexercised Deferred Share Units granted under the Plan will be treated, including without limitation accelerating the redemption of the Deferred Shares Units.

## 7. ADJUSTMENTS

7.1 If there is a change in the outstanding Common Shares by reason of any share consolidation, stock split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board will make, as it deems advisable and subject to compliance with Applicable Laws, appropriate substitution and/or adjustment in the number and kind of shares or other securities or property reserved or to be issued, delivered or paid to Participants pursuant to the Plan as the Board considers fair and equitable in the circumstances.

8. RESTRICTIONS ON ISSUANCES

8.1 The maximum number of Common Shares issuable pursuant to the Plan shall not exceed 1,000,000.

8.2 The maximum number of Common Shares issuable pursuant to Deferred Share Units granted to any one Participant in any 12 month period, together with the number of Deferred Shares issuable pursuant to any rights granted to such Participant pursuant to any other Security Based Compensation Arrangements during such 12 month period, cannot exceed 5% of the number of Outstanding Shares calculated as of the applicable Grant Date unless the Corporation has obtained disinterested shareholder approval to do so in accordance with the TSXV Policies.

8.3 No Deferred Share Units may be granted to any Non-Employee Director retained to provide Investor Relations Activities.

9. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

9.1 Subject to the requirements of Applicable Law and receipt of any required regulatory approvals (including any approvals required to be obtained under Stock Exchange Rules), the Corporation may, without notice, at any time and from time to time, amend the Plan or any provisions thereof in such manner as the Corporation, in its sole discretion, determines appropriate, including:

- (a) for the purposes of making formal minor or technical modifications to any of the provisions of the Plan including amendments of a “clerical” or “housekeeping” nature;
- (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Plan;
- (c) to make the amendments contemplated by Section 12.1(e); or
- (d) to make any amendment, fundamental or otherwise, not requiring shareholder approval under Applicable Laws;

provided, however, that:

- (e) no such amendment of the Plan may be made without the consent of each affected Participant in the Plan if such amendment would adversely affect the rights of such affected Participant(s) under the Plan; and
- (f) disinterested shareholder approval shall be obtained in accordance with the requirements of the TSXV for any amendment:
  - (i) any increase in the restrictions on the Issuance of Common Shares set forth in Section 8 (including without limitation the restriction on the maximum number of Common Shares issuable under the Plan set forth in Section 8.1);
  - (ii) a change to the provisions of this Section 9.1(f);
  - (iii) an expansion of the rights of a Participant to transfer or assign Deferred Share Units other than as set forth in Section 13.1; or
  - (iv) the addition of additional categories of Participants.

9.2 The Board may decide to discontinue granting awards under the Plan at any time in which case no further Deferred Share Units shall be awarded or credited under the Plan. Any Deferred Share Units

which remain outstanding in a Participant's Account at that time shall continue to be dealt with according to the terms of the Plan.

10. ADMINISTRATION

- 10.1 Unless otherwise determined by the Board or required by Applicable Law, the Plan shall be administered by the Board. The Board shall have full and complete authority to interpret the Plan, to prescribe such rules and regulations and to make such other determinations as it deems necessary or desirable for the administration of the Plan. All actions taken and decisions made by the Board shall be final, conclusive and binding on all parties concerned, including the Corporation and the Participants and their beneficiaries and legal representatives. All expenses of administration of the Plan shall be borne by the Corporation.
- 10.2 The Corporation shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the discharge of its duties. At such times as the Corporation shall determine, the Corporation shall furnish each Participant with a statement setting forth the details of his or her Deferred Share Units including the Grant Date and the number of Deferred Share Units by such Participant. Such statement shall be deemed to have been accepted by the Participant as correct unless written notice to the contrary is given to the Corporation within 30 days after such statement is given to the Participant.
- 10.3 The Corporation may, at its discretion, appoint one or more persons or companies to provide services in connection with the Plan including without limitation, administrative and record-keeping services.
- 10.4 The Corporation will disclose to the public the implementation or any amendment of the Plan and, if and to the extent required pursuant to the TSXV Policies, the grant of any Deferred Share Units that may be redeemed for Common Shares.

11. GENERAL PROVISIONS

- 11.1 No right to receive any benefits in respect of Deferred Share Units granted to any Participant under the Plan shall be transferable or assignable by a Participant except by will or laws of descent and distribution.
- 11.2 The Corporation's grant of any Deferred Share Units or the issuance of any Common Shares hereunder is subject to compliance with Applicable Law. As a condition of participating in the Plan, each Participant agrees to comply with all Applicable Law and agrees to furnish to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law.
- 11.3 The Corporation shall not have any responsibility for or in respect of the tax consequences to a Participant in respect of the grant of Deferred Share Units or the payout of any benefit to such Participant under the Plan. The Corporation may withhold from any amount payable to a Participant under this Plan such amount as may be necessary or desirable as determined by the Corporation in its sole discretion so as to ensure that the Corporation will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding or remittance of tax or other required deductions or amounts, including on the amount, if any, includable in the income of a Participant. The Corporation shall also have the right in its discretion to satisfy any such withholding tax liability by retaining, acquiring or selling (on such terms as the Corporation determines in its sole discretion, and, in the case of a sale, without any requirement to obtain the best possible price) on behalf of a Participant any Common Shares which would otherwise be issued or provided to such Participant hereunder, or to require such Participant, as a condition of receiving any property under this Plan, to deliver cash or certified cheque payable to the Corporation for the amount of applicable tax as determined by the Corporation in its sole discretion.

- 11.4 A Participant shall not have the right or be entitled to exercise any voting rights, receive any distribution or have or be entitled to any other rights as a shareholder in respect of any Deferred Share Units.
- 11.5 The Plan shall be an unfunded obligation of the Corporation. Neither the establishment of the Plan nor the grant of any Deferred Share Units or the setting aside of assets by the Corporation (if, in its sole discretion, it chooses to do so) shall be deemed to create a trust. The right of the Participant to receive payment pursuant to the Plan shall be no greater than the right of other unsecured creditors of the Corporation.
- 11.6 This Plan is established under the laws of the Province of British Columbia and the rights of all parties and the construction of each and every provision of the Plan and any Deferred Share Units granted hereunder shall be construed according to the laws of the Province of British Columbia.

12. SECTION 409A

- 12.1 It is intended that the provisions of this Plan comply with Section 409A, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding anything in the Plan to the contrary, the following will apply with respect to the rights and benefits of U.S. Eligible Participants under the Plan:
- (a) Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to or for the benefit of a U.S. Eligible Participant may not be reduced by, or offset against, any amount owing by the U.S. Eligible Participant to the Corporation or any of its affiliates.
  - (b) If a U.S. Eligible Participant becomes entitled to receive payment in respect of any Deferred Share Units as a result of his or her "separation from service" (within the meaning of Section 409A), and the U.S. Eligible Participant is a "specified employee" (within the meaning of Section 409A) at the time of his or her separation from service, and the Committee makes a good faith determination that (i) all or a portion of the Deferred Share Units constitute "deferred compensation" (within the meaning of Section 409A) and (ii) any such deferred compensation that would otherwise be payable during the six-month period following such separation from service is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then payment of such "deferred compensation" shall not be made to the U.S. Eligible Participant before the date which is six months after the date of his or her separation from service (and shall be paid in a single lump sum on the first day of the seventh month following the date of such separation from service) or, if earlier, the U.S. Eligible Participant's date of death.
  - (c) A U.S. Eligible Participant's status as a specified employee shall be determined by the Corporation as required by Section 409A on a basis consistent with the regulations under Section 409A and such basis for determination will be consistently applied to all plans, programs, contracts, agreements, etc. maintained by the Corporation that are subject to Section 409A.
  - (d) Each U.S. Eligible Participant, any beneficiary or the U.S. Eligible Participant's estate, as the case may be, is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S. Eligible Participant in connection with this Plan (including any taxes and penalties under Section 409A), and neither the Corporation nor any affiliate shall have any obligation to indemnify or otherwise hold such U.S. Eligible Participant or beneficiary or the U.S. Eligible Participant's estate harmless from any or all of such taxes or penalties.

- (e) In the event that the Committee determines that any amounts payable hereunder will be taxable to a Participant under Section 409A prior to payment to such Participant of such amount, the Corporation may (i) adopt such amendments to the Plan and Deferred Share Units and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Deferred Share Units hereunder and/or (ii) take such other actions as the Committee determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A.
- (f) Notwithstanding the provisions in Section 7, upon termination of the Plan payments will be made in accordance with the regulations issued under 409A regarding payments upon the termination of a nonqualified deferred compensation plan.

13. FORFEITURE PROVISION

13.1 If a Participant is subject to tax under the *Income Tax Act* (Canada) and also is a U.S. Eligible Participant with respect to DSUs, the following special rules regarding forfeiture of such Deferred Share Units will apply if the Participant's DSUs are subject to Section 409A. For greater clarity, these forfeiture provisions are intended to avoid adverse tax consequences under Section 409A and/or under paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada), that may result because of the different requirements as to the time of settlement of Deferred Share Units with respect to a Participant's "separation from service" (within the meaning of Section 409A) ("**Separation From Service**") and his or her retirement or loss of office (under tax laws of Canada). If a Participant otherwise would be entitled to payment of DSUs in any of the following circumstances, such DSUs shall instead be immediately and irrevocably forfeited (for greater certainty, without any compensation therefore):

- (a) a Participant experiences a Separation From Service as a result of a permanent decrease in the level of services provided to less than 20% of his past service in circumstances that do not constitute a retirement from, or loss of office or employment with, the Corporation or an affiliate thereof, within the meaning of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada); or
- (b) a Participant experiences a Separation From Service upon ceasing to be a director while continuing to provide services as an employee in circumstances that do not constitute a retirement from, or loss of office or employment with, the Corporation or an affiliate thereof, within the meaning of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada); or
- (c) a Participant experiences a serious disability that continues for more than 29 months in circumstances that constitute a Separation from Service and do not constitute a retirement from, or loss of office or employment with, the Corporation or an affiliate thereof, within the meaning of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada); or
- (d) a Participant experiences a retirement from, or loss of office or employment with, the Corporation or an affiliate thereof, within the meaning of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) by virtue of ceasing employment as both an employee and as a director, but he continues to provide services as an independent contractor such that he has not experienced a Separation From Service.

**APPENDIX D  
ADVANCE NOTICE PROVISION**

**26.1 Nomination of Directors**

- (1) Nominations of persons for election to the board of directors may be made at any annual general meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors. In order to be eligible for election to the board of directors at any annual general meeting or special meeting of shareholders, persons must be nominated in accordance with one of the following procedures:
  - (a) by or at the direction of the board of directors or an authorized officer, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
  - (c) by any person (a **"Nominating Shareholder"**) who (A) at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Article 26.1 and at the close of business on the record date for notice of such meeting, is entered in the central securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) complies with the notice procedures set forth below in this Article 26.1.
- (2) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must give notice which is both timely (in accordance with paragraph (3) below) and in proper written form (in accordance with paragraph (4) below) to the secretary of the Company at the principal executive offices of the Company.
- (3) A Nominating Shareholder's notice to the secretary of the Company will be deemed to be timely if:
  - (a) in the case of an annual general meeting of shareholders, such notice is made not less than 30 days prior to the date of such annual general meeting; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is less than 65 days after the date (the **"Notice Date"**) on which the first public announcement of the date of the annual general meeting is made, notice by the Nominating Shareholder is made not later than the close of business on the tenth day following the Notice Date; and
  - (b) in the case of a special meeting (which is not also an annual general meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), such notice is made not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the special meeting of shareholders was made. Notwithstanding the foregoing, the board of directors may, in its sole discretion, waive any requirement of this paragraph (3).

For greater certainty, the time periods for the giving of notice by a Nominating Shareholder as aforesaid shall, in all cases, be determined based on the original date of the applicable annual general meeting or special meeting, and in no event shall any adjournment or postponement

of an annual general meeting or special meeting or the announcement thereof commence a new time period for the giving of such notice. For the purposes of this paragraph (3), “public announcement” means disclosure in a press release reported by a national news service in Canada or in a document filed by the Company under its profile on the System for Electronic Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

- (4) A Nominating Shareholder’s notice to the secretary of the Company will be deemed to be in proper form if:
- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director, such notice sets forth: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person and the principal occupation or employment of the person for the past 5 years; (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such laws and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission or similar securities regulatory authority of each province and territory of Canada (“**Applicable Securities Laws**”); and
  - (b) as to the Nominating Shareholder giving the notice, such notice sets forth any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.
- (5) The Company may require any proposed nominee for election as a director to furnish such additional information as may reasonably be requested by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder’s understanding of the independence, or lack thereof, of such proposed nominee.
- (6) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 26.1; provided, however, that nothing in this Article 26.1 shall be deemed to restrict or preclude discussion by a shareholder (as distinct from the nomination of directors) at an annual general meeting or special meeting of any matter that is properly brought before such meeting pursuant to the provisions of the Act or at the discretion of the chair of the meeting. The chair of the meeting shall have the power and duty to determine whether any nomination for election of a director was made in accordance with the procedures set forth in this Article 26.1 and, if any proposed nomination is not in compliance with such procedures, to declare such nomination defective and that it be disregarded.
- (7) Notwithstanding any other provision of this Article 26.1, notice given to the secretary of the Company pursuant to this Article 26.1 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the secretary of the Company for purposes of this Article 26.1, and shall be deemed to have been given and made only at the time it is served by personal delivery to the secretary at the

address of the principal executive offices of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

**APPENDIX E**  
**STATEMENT OF EXECUTIVE COMPENSATION**

On June 29, 2021, the Company filed on SEDAR a statement of executive compensation, dated June 29, 2021 and prepared as at and for the year ended December 31, 2020, as required under Form 51-102F6V Statement of Executive Compensation (Venture Issuers).

Except for the options granted to the Company's directors and officers in October 2021 as described herein (see [\*SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS\*](#)), there have been no material compensation actions, decisions or policies made to date since the filing of the aforementioned statement of executive compensation, a copy of which is appended below.

**ELECTRIC ROYALTIES LTD.**

**(the “Company”)**

**FORM 51-102F6V**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF EXECUTIVE COMPENSATION**

The following information, dated as of June 29, 2021, is provided as required under Form 51-102F6V Statement of Executive Compensation (Venture Issuers) and is prepared as at and for the year ended December 31, 2020 (except as otherwise indicated).

This Statement of Executive Compensation should be read in conjunction with the Company’s information circular (the “**Information Circular**”) dated August 10, 2020 as publicly filed on SEDAR at www.sedar.com on August 19, 2020. All monetary amounts herein are expressed in Canadian Dollars (“\$”), unless stated otherwise.

**BASIS OF PRESENTATION**

The Company was incorporated under the Business Corporations Act (British Columbia) on September 16, 2016. The Company began trading its shares on the TSX Venture Exchange (“**TSX-V**”) as a capital pool company (“**CPC**”) (as defined in the TSX-V Policy 2.4 – Capital Pool Companies (the “**CPC Policy**”)) on November 3, 2017.

On June 24, 2020, the Company announced that, pursuant to a business combination agreement dated January 28, 2020 between the Company, 1238383 B.C. Ltd. (the “**Subco**”) and a private company then named as Electric Royalties Ltd. (the “**Legal Acquiree**” or the “**Operating Entity**”), it had completed its qualifying transaction (the “**Qualifying Transaction**”), whereby following the consolidation (the “**Consolidation**”) of the Company’s shares on a 2:1 basis, the Qualifying Transaction was effected by way of a “three-cornered” amalgamation, in which: (a) the Subco was amalgamated with the Legal Acquiree to form an amalgamated company (“**Amalco**”); (b) all issued and outstanding shares of the Legal Acquiree were exchanged for post-Consolidation shares of the Company on a 1:1 basis; and (c) Amalco became a wholly-owned subsidiary of the Company. The Qualifying Transaction was a reverse-takeover of the Company and upon completion thereof, the Company changed its name to “Electric Royalties Ltd.” and carried on the business previously carried on by the Legal Acquiree.

Prior to the completion of the Qualifying Transaction, the Company did not pay any cash compensation to its officers and directors due to its CPC status. As the Qualifying Transaction was a reverse takeover of the Company, the resulting issuer was a continuation of the business of the Operating Entity, which also did not pay any compensation to its officers and directors since its inception to December 31, 2019. This Statement of Executive Compensation includes the executive compensation discussions relating to the Operating Entity.

**NAMED EXECUTIVE OFFICERS**

In this section “Named Executive Officer” (or “**NEO**”) means each of the following individuals:

- a) the Chief Executive Officer (“**CEO**”);
- b) the Chief Financial Officer (“**CFO**”);
- c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and

- d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at December 31, 2020.

The NEOs of the Operating Entity as at December 31, 2020 are as follows:

- Brendan Yurik – CEO of the Company; and
- Luqman Khan – CFO of the Company

### SUMMARY COMPENSATION TABLE

Compensation paid to the NEOs during the Company’s three most recently completed financial years ended December 31, 2020, 2019, and 2018 is set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Fiscal Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(3)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
Brendan Yurik <sup>(1)</sup> CEO	2020	150,000	Nil	96,000	Nil	Nil	Nil	Nil	246,000
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Luqman Khan <sup>(2)</sup> CFO	2020	21,000	Nil	36,000	Nil	Nil	Nil	Nil	57,000
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Mr. Yurik was appointed as CEO of the Company in July 2019. Effective January 1, 2020, Mr. Yurik entered into an employment agreement with the Company whereby he is entitled to receive a base salary of \$150,000 per year.
- (2) Mr. Khan was appointed as CFO of the Company in July 2019. Mr. Khan provide services through a private consulting firm. Services of Mr. Khan are not received on a full-time basis; instead, his services are received on an as-needed basis.
- (3) The options were granted in July 2020. For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of grant using the following assumptions: grant date share price of \$0.29 per share, exercise price of \$0.29 per share, expected life of 5 years, expected volatility of 50%, expected dividend yield of 0%, and risk-free interest rate of 0.35%. The Black-Scholes grant date fair value for these awards was \$0.12 per option.

### INCENTIVE PLAN AWARDS

#### Outstanding Share-based Awards and Option-based Awards

The Company currently has an option-based awards plan. The following table sets out the option-based awards outstanding as at December 31, 2020, for each NEO:

	<b>Option-based Awards</b>			
<b>Name</b>	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date m-d-y</b>	<b>Value of unexercised in-the-money options <sup>(1)</sup> (\$)</b>
Brendan Yurik	800,000	0.29	July 15, 2025	Nil
Luqman Khan	300,000	0.29	July 15, 2025	Nil

Notes:

- (1) The value is the difference between the TSXV closing price of \$ 0.25 per common share at December 31, 2020 and the exercise price of options.

### **Incentive Plan Awards – Value Vested or Earned**

The following table sets out all incentive plans (value vested or earned) during the year ended December 31, 2020, for each NEO:

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Brendan Yurik	Nil	Nil
Luqman Khan	Nil	Nil

Note:

- (1) Represents the aggregate dollar value that would have been realized if options under the option-based award had been exercised on the 2020 vesting date determined by taking the difference between the market price of the shares subject to the option at date of vesting and the exercise price of the option.

### **PENSION PLAN BENEFITS**

The Company has no pension or deferred compensation plans for its directors, officers or employees.

### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

Except as otherwise outlined herein and in accordance with the Employment Standards Act (British Columbia), there are no compensatory plan(s) or arrangement(s), with respect to any NEO resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of the NEO's responsibilities following a change in control.

### **DIRECTOR COMPENSATION**

#### **Philosophy and Objectives**

The main objective of director compensation is to attract and retain directors with the relevant skills, knowledge and abilities to carry out the Board's mandate.

#### **Director Compensation**

The compensation provided to the directors for the financial year of December 31, 2020 is:

Name	Fees earned <sup>(1)</sup> (\$)	Share option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Marchand Snyman	50,000	60,000	-	-	-	110,000
Craig Lindsay	12,000	36,000	-	-	-	48,000
Robert Schafer	12,000	18,000	-	-	-	30,000

Note:

- (1) The Company initiated directors' fees effective July 1, 2020 and the amounts of fees earned in the table above represent fees for only half year. Non-management directors of the Company receive an annual retainer fee of \$15,000 in their capacity as directors. The Chair of the Audit and Risk, Compensation, and Nominating and Governance Committee each receives an additional \$5,000 annually, and members of the various Board Committees each receives an additional \$2,000 annually for each Committee served. Marchand Snyman, as a Chairman of the Board, receives an annual fee of \$100,000 and no committee fees.

The following table sets out various Board Committees and their members:

	Audit and Risk Committee	Compensation Committee	Nominating and Governance Committee.
Marchand Snyman	• Member	• Member	• Chair
Craig Lindsay	• Chair	• Member	• Member
Robert Schafer	• Member	• Chair	• Member

### Incentive Plan Awards

### Outstanding Share-based Awards and Option-based Awards

The Company currently has an option-based awards plan and a share-based awards plan. However, no share-based awards have been granted to date. The following table sets out the option-based awards outstanding as at December 31, 2020, for each director:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date m-d-y	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
Marchand Snyman	500,000	0.29	July 15, 2025	Nil

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date m-d-y	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
Craig Lindsay	300,000	0.29	July 15, 2025	Nil
	25,000 <sup>(2)</sup>	0.20	April 10, 2022	1,000
Robert Schafer	150,000	0.29	July 15, 2025	Nil

Notes:

- (1) The value is the difference between the TSXV closing price of \$0.25 per common share at December 31, 2020 and the exercise price of options.
- (2) These represent post-Consolidation options that were granted prior to the Qualifying Transaction.

#### Incentive Plan Awards – Value Vested or Earned

The following table sets out all incentive plans (value vested or earned) during the year ended December 31, 2020, for each director:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Marchand Snyman	-	-
Craig Lindsay	-	-
Robert Schafer	-	-

Note:

- (1) Represents the aggregate dollar value that would have been realized if options under the option-based award had been exercised on the 2020 vesting date determined by taking the difference between the market price of the shares subject to the option at date of vesting and the exercise price of the option.

#### COMPENSATION ACTIONS, DECISIONS OR POLICIES MADE AFTER DECEMBER 31, 2020.

Given the evolving nature of the Corporation’s business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

#### COMPENSATION COMMITTEE AND GOVERNANCE

After the completion of the Qualifying transaction, in July 2020, the Compensation Committee of the Board was constituted to assist the Board in carrying out its responsibilities relating to executive and director compensation, including: reviewing and recommending director compensation, overseeing the Company’s base compensation structure and equity-based compensation program, recommending compensation of the Company’s officers and employees, evaluating performance of officers generally and in light of annual goals and objectives. The charter for the Compensation Committee is included in the Corporate Governance Policies and Procedures Governance Manual and is available for viewing from the Company’s website under Corporate Governance.

The current members of the Compensation Committee of the Company as stated above are Robert Schafer (Chair), Marchand Snyman and Craig Lindsay, all of whom are independent directors. The Compensation Committee assists the Board in carrying out its responsibilities relating to executive and director compensation.

The members of the Compensation Committee possess the skills and experience that enable the committee to make decisions on the suitability of the Company's compensation policies and practices.

As a result of their education and experience, each member of the Compensation Committee has familiarity with, an understanding of, or experience in:

- a) reviewing compensation philosophy including base compensation structures & incentive programs;
- b) reviewing specific executive and director compensation;
- c) administering of share options and other equity based compensation plans and the determination of share option grants; and
- d) reviewing performance goals and the assessments of corporate officers.

All members of the Compensation Committee serve on other boards of publicly traded companies and have experience in the area of compensation and related issues. For relevant education and experience of the members of the Compensation Committee, see disclosure under "*Election of Directors*" in the Company's Information Circular filed on SEDAR on August 19, 2020.

The Compensation Committee has, among other things, the following duties, responsibilities and authority:

- a) to recommend to the Board the form and amount of compensation to be paid by the Company to directors for service on the Board and on its committees. The Compensation Committee shall review director compensation at least annually.
- b) to annually review the Company's base compensation structure and the Company's incentive compensation, share option and other equity-based compensation programs and recommend changes in or additions to such structure and plans to the Board as needed.
- c) to recommend to the Board the annual base compensation of the Company's executive officers and senior managers (collectively the "Officers").
- d) to recommend to the Board annual corporate goals and objectives under any incentive compensation plan adopted by the Company for Officers, and recommend incentive compensation participation levels for Officers under any such incentive compensation plan. In determining the incentive component of compensation, the Compensation Committee will consider the Company's performance and relative shareholder return, the values of similar incentives at comparable companies and the awards given in past years.
- e) to evaluate the performance of Officers generally and in light of annual corporate goals and objectives under any incentive compensation plan.
- f) to periodically review with the Chairman and CEO their assessments of corporate officers and senior managers and succession plans and make recommendations to the Board regarding appointment of officers and senior managers.
- g) to administer the Company's share option and other equity based compensation plans and determine the annual grants of share options and other equity based compensation.

- h) to recommend to the Nominating and Governance Committee the qualifications and criteria for membership on the Compensation Committee.

Due to the small size of the Company and the current level of the Company's activities, the Compensation Committee is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's share option plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of the executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely that an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

### **Report on Executive Compensation**

This report on executive compensation has been authorized by the Compensation Committee. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management, although the Compensation Committee guides it in this role. As part of its mandate, the Board determines the type and amount of compensation for the Company's executive officers. In addition, the Board reviews the methodology utilized by the Company for setting salaries of employees throughout the organization.

The Company's compensation policies and programs are designed to be competitive with similar companies and to recognize and reward executive performance consistent with the success of the Company's business.

### **Philosophy and Objectives**

The Company's senior management compensation program is designed to ensure that the level and form of compensation achieves certain objectives, including:

- a) attracting and retaining talented, qualified and effective executives;
- b) motivating the short and long-term performance of these executives; and
- c) better aligning their interests with those of the Company's Shareholders.

In compensating its senior management, the Company employs a combination of base salary, bonus compensation and equity participation through its share option plan and other equity participation plans.

### **Base Salary**

In the Board's view, paying base salaries that are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. The NEOs are paid a salary in order to ensure that the compensation package offered by the Company is in line with that offered by other

companies in our industry, and as an immediate means of rewarding the NEO for efforts expended on behalf of the company.

The salary to be paid to a particular NEO is determined by gathering competitive salary information on comparable companies within the industry from a variety of sources, including surveys conducted by independent consultants and national and international publications. Payment of a cash salary fits within the objective of the compensation program since it rewards each NEO for performance of his duties and responsibilities.

### **Bonus Compensation**

The Board considers performance, shareholder benefits achieved, competitive factors and other matters in awarding bonuses, including if sufficient cash resources are available for the granting of bonuses.

### **All Other Fees**

There were no other fees paid to any consultants or advisors relating to executive compensation.

### **Executive Compensation-Related Fees**

No compensation was paid to any compensation consultants in respect of executive compensation studies for the Company's two most recently completed financial years.

### **Equity Participation – Option Based Awards**

The Company has a share option plan (the "**Option Plan**"). The Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company, encourage the alignment of interests with its shareholders, and foster their continued association with the Company.

Long term incentives are comprised of share options. The Compensation Committee is delegated the authority to grant share options. The Compensation Committee reviews the grants of share options to directors, management, employees and consultants. Share options are generally granted annually, and at other times of the year to individuals commencing employment with the Company. Share option exercise prices are set in accordance with policies of the TSX Venture Exchange and are based on the closing trading price prior to the date of grant.

The Company believes that encouraging its executives, employees and directors to become shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation is accomplished through the Option Plan. Share options are granted taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses, and competitive factors. Share options vest on terms established by the Compensation Committee.

The Company's long term incentives are designed to foster and promote the long-term financial success of the Company by strengthening the ability of the Company to attract and retain highly competent employees, motivating performance through incentive compensation, promoting greater alignment of interests between employees and shareholders in creating long-term shareholder value, and enabling employees to participate in the long-term growth and financial success of the Company. Share options provide employees with the opportunity to participate in the growth of the Company's share price as well as benefit from the favourable tax treatment applicable to this form of compensation.

For material terms of the Option Plan, see disclosure under "Particular of Matters to be Acted Upon" in the Company's Information Circular filed at SEDAR on August 19, 2020.

### **General**

The Compensation Committee considered the implications of the risks associated with the Company's compensation policies and practices and concluded that, given the nature of the Company's business and the role of the Compensation Committee in overseeing the Company's executive compensation practices, the compensation policies and practices do not serve to encourage any non executive officer NEO or individual at a principal business unit or division to take inappropriate or excessive risks, and no risks were identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Company has adopted a policy restricting its NEOs and directors from purchasing financial instruments including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. For the years ended December 31, 2020 and 2019, no NEO or director, directly or indirectly, employed a strategy to hedge or offset a decrease in market value of equity securities granted as compensation or held.

Given the evolving nature of the Company's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.