

**ESG CAPITAL 1 INC.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**WITH RESPECT TO**

**THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON JANUARY 4, 2023**

Dated: December 2, 2022

# ESG CAPITAL 1 INC.

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that an annual general and special meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of ESG Capital 1 Inc. (the “**Corporation**”) will be held at the offices of Peterson McVicar LLP located at 18 King St. E., Suite 902, Toronto, ON M5C 1C4, on January 4, 2023 at 10:00 a.m. p.m. (Toronto time), for the following purposes:

1. to receive and consider the financial statements of the Corporation for the year ended December 31, 2021 and the report of the auditors thereon;
2. to appoint MNP LLP as the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
3. to set the size of the board of directors at four and elect the directors of the Corporation for the ensuing year or until their replacements are elected or appointed pursuant to completion of the transaction (the “**Transaction**”) between the Corporation and Full Circle Lithium Inc., as more fully described in the management information circular accompanying this notice of Meeting (the “**Circular**”);
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve, for the ensuing year, the Corporation’s incentive stock option plan;
5. to consider and, if thought appropriate, to pass with or without variation, a special resolution to be conditional on, and to take effect only in the event that, the Transaction is completed, authorizing and approving the change of name of the Corporation from “ESG Capital 1 Inc.” to “Full Circle Lithium Inc.” or such other name as may be determined by Full Circle and approved by the board of the Corporation;
6. to consider and if thought advisable, to pass, with or without variation a special resolution authorizing the directors of the Corporation to consolidate the issued and outstanding common shares of the Corporation on the basis of one (1) post-consolidation common share for up to five (5) pre-consolidation common shares; and
7. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

An “**ordinary resolution**” is a resolution passed by at least a majority of the votes cast by Shareholders who voted in respect of that resolution at the Meeting, while a “**special resolution**” is a resolution passed by a majority of not less than two-thirds ( $\frac{2}{3}$ ) of the votes cast by Shareholders who voted in respect of that resolution.

The nature of the business to be transacted at the Meeting is described in further detail in the management information circular of the Corporation dated December 2, 2022 (the “**Information Circular**”) under the section entitled “*MATTERS TO BE ACTED UPON*”.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is December 2, 2022 (the “**Record Date**”). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

### **Voting**

All Shareholders are invited to attend the Meeting and may attend in person or may be represented by proxy. A “beneficial” or “non-registered” Shareholder will not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his/her/its broker; however, a beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the common shares in that capacity. Only Shareholders as of the Record Date are entitled to receive notice of and vote at the Meeting. Shareholders who are unable to attend the Meeting in person, or any adjournments or postponements thereof, are requested to complete, date and sign the enclosed form of proxy (registered holders) or voting instruction form (beneficial holders) and return it in the envelope

provided. To be effective, the enclosed form of proxy or voting instruction form must be mailed or faxed so as to reach or be deposited with MTCL (in the case of registered holders) a 82 Richmond Street East, Toronto, ON M5C 1P1, Fax: 416-360-7812, or voted online at [www.voteproxy.ca](http://www.voteproxy.ca) not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof, or be deposited with the Secretary of the Corporation before the commencement of the Meeting or of any adjournment thereof. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline.

If you are a beneficial or non-registered holder of Common Shares and have received these materials through your broker, custodian, nominee or other intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker, custodian, nominee or other intermediary in accordance with the instructions provided therein.

**SHAREHOLDERS ARE REMINDED TO REVIEW THE INFORMATION CIRCULAR BEFORE VOTING.**

DATED this 2<sup>nd</sup> day of December, 2022.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
ESG CAPITAL 1 INC.**

*“Robert Pollock”*

Robert Pollock  
President, Chief Executive Officer, Chief Financial Officer, Secretary, and Director

# ESG CAPITAL 1 INC.

## MANAGEMENT INFORMATION CIRCULAR

**This management information circular (the “Information Circular”) of ESG Capital 1 Inc. (the “Corporation”) is furnished in connection with the solicitation of proxies by management of the Corporation for use at the annual general and special meeting (the “Meeting”) of shareholders of the Corporation (“Shareholders”) to be held at 10:00 a.m. (Toronto time) on January 4, 2023 at the offices of Peterson McVicar LLP at 18 King St. E., Suite 902, Toronto, ON M5C 1C4, for the purposes set forth in the Notice of Annual General Meeting of Shareholders dated December 2, 2022 (the “Notice”).** References in this Information Circular to the Meeting include any adjournment(s) or postponement(s) thereof. It is expected that the solicitation of proxies will be primarily by mail, however, proxies may also be solicited by the officers, directors and employees of the Corporation by telephone, electronic mail, telecopier or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of soliciting proxies in connection with the Meeting will be borne directly by the Corporation.

### GENERAL INFORMATION RESPECTING THE MEETING

The board of directors of the Corporation (the “**Board**”) has fixed the close of business on December 2, 2022 as the record date, being the date for the determination of the registered Shareholders entitled to receive notice of, and to vote at, the Meeting. All duly completed and executed proxies must be received by the Corporation’s registrar and transfer agent, Marrelli Trust Company Limited (“**MTCL**”) (in the case of registered holders) at by mail delivery at 82 Richmond Street East, Toronto, ON M5C 1P1, Fax: 416-360-7812 or voted online at [www.voteproxy.ca](http://www.voteproxy.ca), by not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

In this Information Circular, unless otherwise indicated, all dollar amounts “\$” are expressed in Canadian dollars. Unless otherwise stated, the information contained in this Information Circular is as of December 2, 2022.

#### **Voting of and Exercise of Discretion by Proxies**

The common shares in the capital stock of the Corporation (“**Common Shares**”) represented by the form of proxy delivered to registered Shareholders (if same is properly executed and is received at the offices of MTCL at the address provided herein, or online at [www.voteproxyonline.com/pxlogin](http://www.voteproxyonline.com/pxlogin) not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournment(s) or postponement(s) thereof), will be voted at the Meeting, and, where a choice is specified in respect of any matter to be acted upon, will be voted or withheld from voting in accordance with the specification made on any ballot that may be called for. **In the absence of such specification, proxies in favour of management will be voted in favour of all resolutions described below. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting.** At the time of the filing of this Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the named proxies.

#### **Appointment of Proxies**

The persons named in the form of proxy are officers and/or directors of the Corporation. A Shareholder desiring to appoint some other person, who need not be a Shareholder, to represent him or her at the Meeting, may do so by inserting such person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the offices of **MTCL, at 82 Richmond Street East, Toronto, ON M5C 1P1, Fax: 416-360-7812 or voted online at [www.voteproxy.ca](http://www.voteproxy.ca)**, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournment(s) or postponement(s) thereof.

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

To be valid, a form of proxy must be executed by a Shareholder or a Shareholder's attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney.

### **Revocation of Proxies**

A proxy given pursuant to this solicitation may be revoked at any time prior to its use. A Shareholder who has given a proxy may revoke the proxy by:

- i) completing and signing a proxy bearing a later date and depositing it at the offices of MTCL;
- ii) depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney either with MTCL at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof; or
- iii) in any other manner permitted by law.

Such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

### **Voting by Non-Registered Shareholders**

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are "non-registered" or "beneficial" Shareholders ("**Non-Registered Shareholders**") because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary ("**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies, via mail or electronically, of the Notice, this Information Circular, the form of proxy and a request card for interim materials (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive such materials. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**voting instruction form**”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada and the United States. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders, and asks Non-Registered Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Common Shares to be represented at the Meeting. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. **A Non-Registered Shareholder who receives a voting instruction form cannot use that form to vote his or her Common Shares at the Meeting;** or
- ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with MTCL (in the case of registered holders) at by mail delivery at 82 Richmond Street East, Toronto, ON M5C 1P1, Fax: 416-360-7812 or voted online at [www.voteproxy.ca](http://www.voteproxy.ca).

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the voting instruction form and insert the Non-Registered Shareholder or such other person’s name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote received by the Intermediary less than (7) days prior to the Meeting.

Non-Registered Shareholders fall into two categories: those who object to their identity being made known to the issuers of securities which they own (“**Objecting Beneficial Owners**” or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**” or “**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries. In accordance with NI 54-101, issuers may obtain and use the NOBO list in connection with any matter relating to the affairs of the issuer, including the distribution of proxy-related materials directly to NOBOs. The Corporation is not sending Meeting Materials directly to the NOBOs. The Corporation will use and pay intermediaries and agents to send the Meeting Materials; however, it does not intend to pay for intermediaries to deliver the Meeting Materials to the OBOs.

Electronic copies of the Information Circular, financial statements of the Corporation for the year ended December 31, 2021 (“**Financial Statements**”) and management’s discussion and analysis of the Corporation’s results of operations and financial condition for 2021 (“**MD&A**”) may be found on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com). **Shareholders are reminded to review this Information Circular before voting.**

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

Other than as disclosed herein, no director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year, each proposed nominee for election as a director of the Corporation, and associates or affiliates of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. As at the date hereof, there are 3,650,000 Common Shares issued and outstanding.

Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of Shareholders entitled to receive notice of the Meeting has been fixed at December 2, 2022 (the "**Record Date**"). All such holders of record of Common Shares on the Record Date are entitled either to attend and vote thereat in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation's transfer agent, MTCL, within the time specified in the Notice, to attend and to vote thereat by proxy the Common Shares held by them.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or company beneficially owns, controls or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to all outstanding Common Shares of the Corporation other than as set out below:

Shareholder Name	Number of Common Shares Held	Percentage of Common Shares
Robert Pollock	1,000,000 <sup>(1)</sup>	27.40% <sup>(1)</sup>
Pasquale DiCapo	1,000,000 <sup>(1)</sup>	27.40% <sup>(1)</sup>

Notes:

(1) On an undiluted basis.

## BUSINESS OF THE MEETING

### Summary of Qualifying Transaction

Effective November 4, 2022, the Corporation and Full Circle Lithium Inc. ("**Full Circle**") entered into a binding letter of intent, which provided for the acquisition by Corporation of all of the issued and outstanding securities of Full Circle by way of a share exchange, plan of arrangement, merger, amalgamation or other form of business combination (the "**Transaction**"). The Corporation and Full Circle, along with a wholly-owned subsidiary of the Corporation and Full Circle formed or to be formed in connection with the Transaction, intend to enter into a definitive transaction agreement (the "**Transaction Agreement**") contemplating the Transaction, which will result in a reverse take-over of the Corporation by the shareholders of Full Circle (the "**Full Circle Shareholders**") to ultimately form the resulting issuer (the "**Resulting Issuer**") and following which, without taking into account securities issued in connection with the Private Placement the Full Circle Shareholders will collectively own approximately 93.6% of the outstanding common shares of the Resulting Issuer (the "**Resulting Issuer Common Shares**"). Upon completion of the Transaction, it is anticipated that the Common Shares of the Resulting Issuer will be listed on the TSX Venture Exchange (the "**TSXV**"). The completion of the Transaction will constitute the Corporation's "Qualifying Transaction" pursuant to the policies of TSXV.

At the Meeting, you will be asked to consider and vote upon resolutions to authorize the Corporation to: (i) elect the incumbent directors; (ii) consolidate all of the issued and outstanding Common Shares of the Corporation on the basis of one (1) post-consolidation Common Share for up to five (5) pre-consolidation Common Shares; (iii) change the name of the Corporation to "Full Circle Lithium Inc." or such other name as Full Circle may determine and the board of directors (the "**Board**") may approve; and (iv) approve the stock option plan of the Corporation.

In conjunction with, and prior to the closing of the Transaction, Full Circle intends to complete a brokered private placement (the "**Private Placement**") of subscription receipts (the "**Subscription Receipts**") with a syndicate of

agents to be determined at a later date (the “**Agents**”). Each Subscription Receipt will be exchanged for or converted automatically without payment of any additional consideration and without further action on the part of the holder thereof, into one common share of Full Circle (the “**Private Placement Shares**”) upon satisfaction of specified escrow release conditions, which includes the completion or waiver of all conditions precedent to the Transaction. As described below, each Subscription Receipt shall ultimately result in the issuance of one Resulting Issuer Common Share.

Under the Transaction, it is intended that the holders of Full Circle shares (the “**Full Circle Shares**”) and holders of Private Placement Shares will receive one (1) Resulting Issuer Share in exchange for each Full Circle Share and Private Placement Share held immediately prior to closing of the Transaction. In addition, upon the completion of the Transaction, it is intended that all of Full Circle’s securities exercisable or exchangeable for, or convertible into, or other rights to acquire Full Circle securities outstanding at completion of the Transaction (the “**Convertible Securities**”) will be exchanged for securities exercisable or exchangeable for, or convertible into, rights to acquire Resulting Issuer Shares, in accordance with the Transaction Agreement, on the same economic terms and conditions as such original outstanding securities.

Completion of the Transaction is subject to the completion of the Private Placement and satisfaction of certain customary closing conditions to be set out in the Transaction Agreement, including the receipt of all necessary regulatory approvals and Shareholders approving the: (i) Consolidation and Name Change (as such terms are defined hereinafter); (ii) the Corporation having a minimum of \$275,000 of net working capital immediately prior to the closing the Transaction; and (iii) the appointment of new directors to take office if and only if the Transaction is completed.

The obligations of ESG Capital and Full Circle pursuant to the LOI shall terminate in certain specified circumstances, including by mutual agreement of the parties or in the event that a condition precedent to the Transaction is not met and the party in whose favour such condition precedent exists does not waive such condition precedent.

**SHAREHOLDERS ARE NOT BEING REQUESTED TO APPROVE THE TRANSACTION AT THE MEETING.** Full details regarding the Transaction and the business of the Corporation and Full Circle will be disclosed by the Corporation in a filing statement on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Notwithstanding the foregoing, certain matters in connection with the Transaction must be considered at the Meeting in order to allow the Corporation to complete the Transaction. Failure to pass these resolutions could impede or prevent the completion of the Transaction.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation’s executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Corporation’s Chief Executive Officer, Chief Financial Officer, and, if applicable, its three most highly compensated individuals acting as, or in a like capacity as, executive officers of the Corporation whose total compensation for the most recently completed financial year was individually equal to more than C\$150,000 (the “**NEOs**” or “**Named Executive Officers**”), during the Corporation’s most recently completed financial year, being the financial year ended December 31, 2021 (the “**Last Financial Year**”). The only NEO of the Corporation during the Last Financial Year was Robert Pollock, the President, Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Director of the Corporation.

#### *Compensation Process*

The Corporation does not currently have a compensation committee. The Board, as a whole, reviews matters relating to the compensation of executive officers of the Corporation. Directors who are also members of management recuse themselves from a meeting, or portion of a meeting, of the Board where such individual’s compensation is discussed and abstain from voting in respect of the approval of such compensation.

The Board relies on the knowledge and experience of the directors thereon to set appropriate levels of compensation for senior officers. Neither the Corporation nor the Board currently has any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of senior officer compensation.

*Principles/Objectives of the Compensation Program*

The primary goal of the Corporation’s executive compensation program is to attract, motivate and retain top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Corporation’s senior officers is determined with regard to the Corporation’s business strategy and objectives and financial resources, and with the view of aligning the financial interests of the senior officers with the financial interests of Shareholders.

*Compensation Program Design and Analysis of Compensation Decisions*

Standard compensation arrangements for the Corporation’s senior officers are composed of the following elements, which are linked to the Corporation’s compensation and corporate objectives as follows:

<b>Compensation Element</b>	<b>Link to Compensation Objectives</b>	<b>Link to Corporate Objectives</b>
Base Salary and/or Consulting Fees	Attract and Retain	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives.
Bonuses	Motivate and Reward	Short-term incentives motivate and reward senior officers to increase Shareholder value by the achievement of short-term corporate strategies and objectives.
CPC Options	Motivate and Reward	Long-term incentives motivate and reward senior officers to increase Shareholder value by the achievement of long-term corporate strategies and objectives.
	Align interests with shareholders	

**Performance and Compensation**

The Corporation is a Capital Pool Company (as that term is defined in the Policy 2.4) or “CPC”. It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in TSXV Policy 2.4 – *Capital Pool Companies* (“**Policy 2.4**”), until the Completion of a Qualifying Transaction (as that term is defined in Policy 2.4), the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. As of the date hereof, the Corporation has not completed a Qualifying Transaction.

As a result, the use of traditional performance standards such as corporate profitability is not considered by the Board to be appropriate in the evaluation of corporate or NEO performance. The Board did not establish any quantifiable criteria during the Last Financial Year with respect to base compensation payable or the amount of equity compensation granted to NEOs and did not benchmark against a peer group of companies.

*Base Salaries, Consulting Fees, Bonuses*

Pursuant to Policy 2.4, other than CPC Options (as that term is defined in Policy 2.4) and the reimbursement of certain expenses, until the Completion of a Qualifying Transaction, the Corporation may not pay any NEOs a salary or consulting fee, nor a cash bonus.

*CPC Options*

The grant of CPC Option pursuant to the Corporation’s incentive stock option plan (the “**CPC Option Plan**”) is an integral component of the compensation arrangements of the senior officers of the Corporation. The Board believes that the grant of CPC Options to senior officers and Common Share ownership by such officers serves to motivate such officers to strive towards achievement of the Corporation’s objectives, which will benefit all Shareholders. CPC Options are awarded to employees of the Corporation by the Board. Decisions with respect to CPC Options granted are based upon the individual’s level of responsibility and their contribution towards the Corporation’s goals and

objectives, and additionally may be awarded in recognition of the achievement of a particular goal or extraordinary service. The Board considers the overall number of CPC Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of CPC Options and the size of such grants.

During the Last Financial Year, based on the foregoing factors, the Board granted an aggregate of 360,000 CPC Options in connection with its initial public offering.

### Summary Compensation Table

The following table provides information for the Last Financial Year and the year ended December 31, 2021 (being the only completed financial year of the Corporation) regarding compensation earned by each of the following NEOs:

Name and principal position	Year Ended Dec 31	Salary (C\$)	Share-based awards (C\$)	CPC Option-based awards (C\$)	Non-equity incentive plan compensation (\$)		Pension value (C\$)	All other compensation (C\$)	Total compensation (C\$)
					Annual incentive plans	Long-term incentive plans			
Robert Pollock <sup>(1)</sup> <i>President, CEO, CFO, Secretary, Director</i>	2021	nil	nil	14,832	nil	nil	nil	nil	14,832

Notes:

- On September 14, 2021 the Corporation granted Robert Pollock 90,000 CPC Options exercisable for a period of 5 years at an exercise price of C\$0.20 per Common Share and vesting immediately upon grant. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model, based on a risk free rate of 0.82%, an expected life of 5 years, an expected volatility of 120% and an expected dividend yield of 0%.
- Robert Pollock was appointed to these positions on the date of incorporation of the Corporation, being March 8, 2021.

### Incentive CPC Option Plan Awards

In the Last Financial Year, 90,000 CPC Options were granted to NEOs and no CPC Options were exercised by any NEOs. The following table provides information regarding the incentive plan awards for each NEO outstanding as of December 31, 2021:

#### *Outstanding CPC Option Awards*

Name	Number of Common Shares underlying unexercised CPC Options (#)	CPC Option exercise price (C\$)	CPC Option grant date	Value of unexercised in-the-money options (C\$) <sup>(1)</sup>	Closing price of security or underlying security on date of grant (C\$)	Closing price of security or underlying security at year end (C\$)	Expiry Date
Robert Pollock <i>President, CEO, CFO, Secretary, Director</i>	90,000 <sup>(3)</sup>	0.20	Sept. 14, 2021	33,300	\$0.20 <sup>(2)</sup>	\$0.57	Sept. 14, 2026

Notes:

- Aggregate dollar amount of in-the-money unexercised CPC Options held as at December 31, 2021. This figure is computed based on the difference between the market value of the Common Shares on the TSX Venture Exchange as at December 31, 2021 and the exercise price of the CPC Option. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2021 was \$0.57.
- The offering price per Common Share pursuant to the Corporation's initial public offering (the "IPO") was \$0.20 per Common Share. The CPC Options were granted on the day after the closing of the IPO and the Common Shares commenced trading on the TSXV on September 15, 2021.
- All CPC Options granted to Mr. Pollock vested on the date of grant.

No NEO exercised any CPC Options in the Last Financial Year.

### **Pension Plan Benefits**

As at the date of this Information Circular, the Corporation does not have any pension plans.

### **Termination and Change of Control Benefits**

There are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Corporation in the event of the resignation, retirement or other termination of the NEO's employment with the Corporation, change of control of the Corporation or a change in the NEO's responsibilities following a change in control.

### **Director Compensation**

The Board determines the level of compensation for directors. The Board reviews directors' compensation as needed, taking into account time commitment, risks and responsibilities to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary.

Pursuant to Policy 2.4, other than CPC Options (as that term is defined in Policy 2.4) and the reimbursement of certain expenses, until the Completion of a Qualifying Transaction, the Corporation may not pay any NEOs a salary or consulting fee, nor a cash bonus. Accordingly, as of the date hereof, the Board has not adopted a cash compensation program for its directors with respect to general director's duties, meeting attendance, or for additional service on Board committees. Directors may be reimbursed for reasonable out-of-pocket expenses incurred in accordance with Policy 2.4.

Directors may receive CPC Option grants as determined by the Board pursuant to the CPC Option Plan. The exercise price of such CPC Options is determined by the Board, but shall in no event be less than the market price of the Common Shares at the time of the grant of the CPC Options.

### **Director Compensation Table**

The following table provides information regarding compensation paid to the Corporation's directors, other than the NEOs, during the Last Financial Year:

<b>Name</b>	<b>Fees earned (C\$)</b>	<b>Share-based awards (C\$)</b>	<b>CPC Option-based awards (C\$)</b>	<b>Non-equity incentive plan compensation (C\$)</b>	<b>Pension value (C\$)</b>	<b>All other compensation (C\$)</b>	<b>Total (C\$)</b>
David Guebert	Nil	Nil	14,832	Nil	Nil	Nil	14,832
Pasquale DiCapo	Nil	Nil	14,832	Nil	Nil	Nil	14,832
David D'Onofrio	Nil	Nil	14,832	Nil	Nil	Nil	14,832

### **Incentive CPC Option Plan Awards**

In the Last Financial Year, an aggregate of 360,000 CPC Options were granted to directors and no CPC Options were exercised by any directors. The following table provides information regarding the incentive plan awards for each director outstanding as of December 31, 2021:

*Outstanding Share Awards and CPC Options Awards*

Name <sup>(1)</sup>	Number of Common Shares underlying unexercised CPC Options (#) <sup>(3)</sup>	CPC Option exercise price (C\$)	CPC Option grant date	Value of unexercised in-the-money options (C\$) <sup>(1)</sup>	Closing price of security or underlying security on date of grant (C\$) <sup>(2)</sup>	Closing price of security or underlying security at year end (C\$)	Expiry Date
David Guebert	90,000	0.20	Sept. 14, 2021	33,300	0.20	0.57	Sept. 14, 2026
Pasquale DiCapo	90,000	0.20	Sept. 14, 2021	33,300	0.20	0.57	Sept. 14, 2026
David D'Onofrio	90,000	0.20	Sept. 14, 2021	33,300	0.20	0.57	Sept. 14, 2026

Notes:

- (1) Aggregate dollar amount of in-the-money unexercised CPC Options held as at December 31, 2021. This figure is computed based on the difference between the market value of the Common Shares on the TSX Venture Exchange as at December 31, 2021 and the exercise price of the CPC Option. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2021 was \$0.57.
- (2) The offering price per Common Share pursuant to the Corporation's initial public offering (the "IPO") was \$0.20 per Common Share. The CPC Options were granted on the day after the closing of the IPO and the Common Shares commenced trading on the TSXV on September 15, 2021.
- (3) All CPC Options granted to Messrs. Pollock, Guebert, DiCapo, and D'Onofrio vested on the date of grant.

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended December 31, 2021:

*Incentive CPC Option Plan Awards – Value Vested or Earned During the Year*

Name	CPC Option awards – Value vested during the year (C\$)	Share awards – Value vested during the year (C\$)	Non-equity incentive plan compensation – Value earned during the year (C\$)
Robert Pollock	14,832	N/A	N/A
David Guebert	14,832	N/A	N/A
Pasquale DiCapo	14,832	N/A	N/A
David D'Onofrio	14,832	N/A	N/A

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

**CPC Option Plan**

The Corporation adopted the CPC Option Plan on May 21, 2021, and the CPC Option Plan is the Corporation's only equity compensation plan. As of the date of this Information Circular, the Corporation has 360,000 CPC Options outstanding to purchase Common Shares.

The CPC Option Plan is a rolling stock option plan, under which 10% of the outstanding Common Shares at any given time are available for issuance thereunder. The purpose of the CPC Option Plan is to advance the interests of the Corporation by (i) providing certain eligible employees, officers, directors or consultants of the Corporation, (collectively, the "CPC Optionees") with additional performance incentives; (ii) encouraging Common Share ownership by the CPC Optionees; (iii) increasing the proprietary interest of the CPC Optionees in the success of the Corporation; and (iv) encouraging the CPC Optionees to remain with the Corporation.

The following information is intended to be a brief description and summary of the material features of the CPC Option Plan, and is qualified by the full text of the CPC Option Plan which is appended here as Appendix "B".

- i) The aggregate maximum number of Common Shares available for issuance from treasury under the CPC Option Plan at any given time is 10% of the outstanding Common Shares as at the date of grant of an option under the CPC Option Plan.

- ii) No CPC Options shall be granted to any CPC Optionee if such grant could result, at any time:
  - (a) prior to the completion of the Qualifying transaction, in the issuance of any one individual, of a number of Common Shares exceeding 5% of the issued and outstanding Common Shares;
  - (b) prior to the completion of the Qualifying transaction, in the issuance to any one consultant of a number of Common Shares exceeding 2% of the issued and outstanding Common Shares;
  - (c) in the issuance of more than 2% of the issued and outstanding Common Shares in any 12 month period to any one consultant;
  - (d) prior to the completion of the Qualifying Transaction, in the issuance to any persons providing investors relations activities, promotional or market-making services, and following completion of the Qualifying Transaction, in the issuance of more than 2% of the issued and outstanding Common Shares in any 12 month period to any persons providing investors relations activities, promotional or market-making services (which Options shall contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the options vesting in any 3 month period).
  - (e) the maximum aggregate number of Shares that are issuable pursuant to the CPC Option Plan and all other share compensation arrangements that is granted or issued to Insiders (as a group) exceeding 10% of the issued and outstanding Common Shares at any point in time, unless the Corporation has obtained the approval of disinterested shareholders of the Corporation; and
  - (f) the maximum aggregate number of Shares that are issuable pursuant to the CPC Option Plan and all other share compensation arrangements that is granted or issued in any 12 month period to Insiders (as a group) exceeding 10% of the issued and outstanding Shares, calculated as at the date any CPC Options or other share based compensation is granted or issued to any Insider, unless the Corporation has obtained the approval of disinterested shareholders of the Corporation,unless permitted otherwise by any applicable stock exchange.
- iii) The term of an option shall not exceed 10 years from the date of grant of the option, subject to extension where the expiry date falls within a Blackout Period (as defined in the CPC Option Plan).
- iv) An option shall vest and may be exercised in whole or in part at any time during the term of such option after the date of the grant as determined by the Board, subject to extension where the expiry date falls within a Blackout Period (as defined in the CPC Option Plan).
- v) CPC Options may be granted by the Corporation pursuant to the recommendations of the Board or a committee appointed to administer the CPC Option Plan from time to time provided and to the extent that such decisions are approved by the Board.
- vi) An option shall be personal to the CPC Optionee and shall be non-assignable and non-transferable (whether by operation of law or otherwise), except that an option may be assigned between a company that is wholly-owned by an CPC Optionee and the CPC Optionee associated with the company.
- vii) If the CPC Optionee ceases to be a director, officer, consultant, employee of the Corporation, or of the Resulting Issuer (as such term is defined in Policy 2.4), as the case may be, the CPC Options held by such CPC Optionee shall expire on the date that is the earlier of 12 months from the date that CPC Optionee ceases to hold such position and the expiry date of the CPC Option.
- viii) In the event that an CPC Optionee dies before the expiry of a CPC Option, the CPC Optionee's legal representative(s) may, subject to the terms of the option and the CPC Option Plan, exercise the option to the extent that the CPC Optionee was entitled to do so at the date of the CPC Optionee's death at any time up to and including, but not after, a date 12 months following the date of the CPC Optionee's death or on the expiry time, whichever is earlier.

- ix) The exercise price of an CPC Option shall be determined by the Board and set out in a CPC Option Agreement. The exercise price of an CPC Option shall not be less than the Market Price of the Common Shares (as defined in the CPC Option Plan), and may be less than this price so long as it is within the applicable discounts as permitted by the TSXV.

### Equity Compensation CPC Option Plan Information

The following table provides details of the equity securities of the Corporation authorized for issuance as of the financial year ended December 31, 2021 pursuant to the Corporation's equity compensation plan currently in place:

CPC Option Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(1)</sup>
Equity compensation plans approved by securityholders	N/A	N/A	N/A
Equity compensation plans not approved by securityholders <sup>(3)</sup>	360,000	\$0.20	5,000
Total	360,000 <sup>(2)</sup>	\$0.20	5,000

**Notes:**

- (1) Based on a total of 365,000 CPC Options issuable pursuant to the CPC Option Plan, representing 10% of the issued and outstanding Common Shares as at December 31, 2021.
- (2) Representing approximately 9.86% of the issued and outstanding Common Shares as at December 31, 2021.
- (3) The CPC Option Plan has not yet been placed before the Shareholders for approval, as this Information Circular relates to the first meeting of Shareholders since the Corporation's incorporation on March 8, 2021.

## MATTERS TO BE ACTED UPON

### I. Receipt of Financial Statements

The audited financial statements of the Corporation for the fiscal year ended December 31, 2021 and the report of the auditors thereon, both of which accompany this Circular, will be submitted to the Meeting. Receipt at the Meeting of the auditor's report and the Corporation's audited financial statements for the fiscal year ended December 31, 2021 will not constitute approval or disapproval of any matters referred to therein.

### II. Appointment of Auditors

MNP LLP ("MNP") are the independent registered certified auditors of the Corporation. MNP was first appointed as auditors of the Corporation on March 8, 2021.

**Unless the Shareholder has specifically instructed in the form of proxy that the Common Shares represented by such proxy are to be withheld or voted otherwise, the persons named in the proxy will vote FOR the appointment of MNP as auditors of the Corporation to hold office until the next annual meeting of Shareholders or until a successor is appointed and to authorize the Board to fix the remuneration of the auditors.**

### III. Election of Directors

The Corporation's Articles of Incorporation provide that the Board consist of a minimum of one (1) and a maximum of ten (10) directors. At the Meeting, the following four (4) persons named hereunder will be proposed for election as directors of the Corporation. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of the next annual meeting of Shareholders of the Corporation, or until his or her successor is duly elected unless prior thereto he resigns or his office becomes vacant by reason of death or other cause. Upon completion of the Transaction,

it is anticipated that the incumbent board of directors will resign and the Board of the Resulting Issuer will be reconstituted to consist of such directors as may be determined by Full Circle.

Shareholders have the option to (i) vote for all of the directors of the Corporation listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. **Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be withheld or voted otherwise, the persons named in the proxy or voting instruction form will vote FOR the election of each of the proposed nominees set forth below as directors of the Corporation.**

The following table, among other things, sets forth the name of all persons proposed to be nominated for election as directors, their place of residence, position held, and periods of service with, the Corporation, or any of its affiliates, their principal occupations and the approximate number of Common Shares of the Corporation beneficially owned, controlled or directed, directly or indirectly, by them:

Name, Province or State and Country of Residence	Date First Became a Director	Present Principal Occupation and Positions Held During the Preceding Five Years	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised <sup>(1),(3)</sup>
Robert Pollock <sup>(2),(4)</sup> <i>Toronto, ON</i>	March 8, 2021	Chief Executive Officer, Primary Capital (2008 to Present).	1,000,000
David Guebert <sup>(2)</sup> <i>Calgary, AB</i>	March 8, 2021	Chief Financial Officer, Mind Medicine (MindMed) Inc. (April 2020 to March 2022); Chief Financial Officer, Mount Logan Capital Inc. (Sept 2016 to April 2019).	250,000
Pasquale DiCapo <i>Etobicoke, ON</i>	March 8, 2021	Chief Executive Officer, PowerOne Capital Markets Ltd. (2003 to Present).	1,000,000
David D'Onofrio <sup>(2)</sup> <i>Toronto, ON</i>	March 8, 2021	Chief Financial Officer, PowerOne Capital Markets Ltd. (2009 to Present).	150,000

Notes:

- (1) The information with respect to the Common Shares beneficially owned, controlled or directed is not within the direct knowledge of the Corporation and has been furnished by the respective individuals.
- (2) Member of the Audit Committee. David Guebert is the Chairman.
- (3) Excluding 90,000 CPC Options.
- (4) Robert Pollock also holds the offices of Chief Executive Officer, Chief Financial Officer, President, and Corporate Secretary.

As a group, the proposed directors beneficially own, control or direct, directly or indirectly, 2,400,000 Common Shares, representing approximately 65.8% of the issued and outstanding Common Shares as of the date hereof, on an undiluted basis.

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

Other than as set out below, no proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while such individual was acting in the capacity as director, chief executive officer or chief financial officer; or
- ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such individual ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such proposed director was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set out below, no proposed director is, as of the date of this Information Circular, or has been within ten (10) years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while such individual was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Other than as set out below, no proposed director has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual.

Other than as set out below, no proposed director has been subject to:

- i) 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
- ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

#### David Guebert

Mr. Guebert was the Chief Financial Officer of Times Three Wireless Inc. (“**Times Three**”) from May 2004 to June 2015. On May 6, 2014, the Alberta Securities Commission issued a cease trade order against Times Three for failing to file required annual financial statements and related MD&A. Similar orders were issued by other commissions. None of the orders have been rescinded. On June 23, 2015, the Court of Queen’s Bench of Alberta issued a bankruptcy order adjudging Times Three to be bankrupt.

Mr. Guebert was the Chief Financial Officer of Clarocity Inc. (“**Clarocity**”) from September 2016 to April 2019. On May 6, 2019, the Alberta Securities Commission issued a cease trade order against Clarocity for failing to file required annual financial statements and related MD&A. Similar orders were issued by other commissions. None of the orders have been rescinded. On June 11, 2019, the Court of Queen’s Bench of Alberta appointed a receiver and on July 19, 2019 the Court of Queen’s Bench approved the sale of substantially all assets in settlement of claims from secured creditors.

Mr. Guebert is a director of Discover Wellness Solutions Inc. (“**Discover**”) (formerly RMMI Corp.) from June 2018 until the present. On May 9, 2022, the Alberta Securities Commission issued a cease trade order against Discover for failure to file required annual financial statements and related annual filings. The order has not been rescinded.

#### **IV. CPC Option Plan Approval**

The TSXV requires all listed companies with a 10% rolling stock option plan (the “**CPC Option Plan**”) to obtain annual shareholder approval of such a plan. Shareholders will be asked at the Meeting to vote on a resolution to reapprove the CPC Option Plan that was originally adopted by the Corporation on May 21, 2021.

The CPC Option Plan provides that the Board may from time to time, in its discretion, grant to certain directors and officers of the Corporation and where permitted by Securities Laws (as such terms are defined in the Policies), a technical consultant whose particular industry expertise in relation to the business of the Vendors or the Target Company (as such terms are defined in the Policy 2.4), the option to purchase Common Shares (“**CPC Options**”). The CPC Option Plan provides for a floating maximum limit of 10% of the outstanding Common Shares as permitted by the policies of the TSXV. As at the date hereof, this represents 365,000 Common Shares available under the CPC Option Plan.

Outstanding CPC Options to purchase a total of 360,000 Common Shares have been issued to eligible recipients and remain outstanding. As at the date hereof, the number of Common Shares remaining available for issuance under the CPC Option Plan is 5,000. For a brief description of the CPC Option Plan, please see: “*SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS – CPC Option Plan*”.

The full text of the CPC Option Plan will be supplied free of charge to Shareholders upon written request made directly to the Corporation at its registered head office located at 82 Richmond Street East Suite 200, Toronto, Ontario M5C 1P1, Attention: Chief Executive Officer.

*Shareholder Approval for the CPC Option Plan*

Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution approving the CPC Option Plan (the “**CPC Option Plan Resolution**”), which, to be effective, must be passed by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting.

**The Board recommends that Shareholders vote FOR the CPC Option Plan Resolution. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be voted against the CPC Option Plan Resolution, the persons named in the proxy or voting instruction form will vote FOR the CPC Option Plan Resolution.**

**V. Name Change**

At the Meeting, Shareholders will be asked to consider a special resolution (the “**Name Change Resolution**”), authorizing the Board to amend the articles of the Corporation to change the name of the Corporation to “Full Circle Lithium Inc.”, or such other name that is acceptable to the Board and Full Circle (the “**Name Change**”), in order to reflect that its principal business going forward will be the continuation of activities of Full Circle.

If the Name Change Resolution is approved by Shareholders and the Board decides to implement the Name Change, the Corporation will file articles of amendment pursuant to the OBCA to amend the articles of the Corporation. Such articles of amendment will be filed at a date to be determined by the Board to be in the best interests of the Corporation. The Name Change will become effective on the date shown in the certificate of amendment issued under the OBCA and it is expected that, if the Name Change Resolution is approved by the Shareholders at the Meeting and the Transaction is completed, the Name Change will become effective at the closing of the Transaction.

The Name Change remains subject to all regulatory approvals, including approval from the TSXV.

The complete text of the Name Change Resolution to be placed before the Meeting authorizing the change of the name of the Corporation is as follows:

“**BE IT HEREBY RESOLVED** as a special resolution of the Corporation that:

- (a) the articles of the Corporation are amended to change the name of the Corporation to “Full Circle Lithium Inc.” or such other name as the board of directors, in its sole discretion, deems appropriate and the Director appointed under the *Business Corporations Act* (Ontario) may permit;
- (b) any one director or officer be and is hereby authorized to send to the Director appointed under the *Business Corporations Act* (Ontario) articles of amendment of the Corporation in the prescribed form, and any one or more directors are hereby authorized to prepare, execute and file articles of amendment in the prescribed form in order to give effect to this special resolution, and to execute and deliver all such other deeds, documents and other writings and perform such other acts as may be necessary or desirable to give effect to this special resolution; and
- (c) notwithstanding approval of the shareholders of the Corporation as herein provided, the board of directors may, in its sole discretion, revoke the special resolution before it is acted upon without further approval of the shareholders of the Corporation.”

**The Board unanimously recommends that Shareholders vote in favour of the Name Change Resolution. The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the Name Change Resolution.**

## VI. Approval of Consolidation

The Board has determined that it would be in the best interests of the Corporation to seek approval of the Shareholders to consolidate all of its issued and outstanding Common Shares. At the Meeting, Shareholders will be asked to consider, and if thought fit, to pass, with or without variation, a special resolution (the “**Consolidation Resolution**”) authorizing the Board to consolidate the Common Shares of the Corporation on the basis of a ratio of one (1) post-consolidation Common Share for up to five (5) pre-consolidation Common Shares, with such ratio to be determined by the Board and Full Circle, with effect on a date to be determined by the Board at its sole discretion (the “**Consolidation**”). So long as the Consolidation does not exceed a ratio of one (1) post-consolidation Common Share for five (5) pre-consolidation Common Shares, the Board may choose any consolidation ratio that it determines is in the best interest of the Corporation.

In order to be adopted, the *Business Corporations Act* (Ontario) requires that the Consolidation be approved by a special resolution of Shareholders. To approve the special resolution, not less than two thirds or 662/3% of the votes cast by Shareholders, whether in person or by proxy, must be voted in favour of the Consolidation. The resolution will empower the Board to revoke the Consolidation Resolution, without further approval of the Shareholders of the Corporation, in the Board’s discretion at any time.

The Consolidation is proposed to be completed in connection with, and conditional upon, the completion of the Transaction. Management believes that the Consolidation is in the best interests of the Corporation in order to complete the Transaction.

If the Consolidation would otherwise result in a Shareholder holding a fraction of a Common Share, no fraction or fractional certificate will be issued, and a Shareholder will not receive a whole Common Share for each such fraction held. In all other respects, the post-consolidated Common Shares will have the same attributes as the existing Common Shares. If the Consolidation is effected, the exercise or conversion price and the number of Common Shares issuable under outstanding incentive stock options will also be proportionately adjusted. In the event that the Shareholders pass the Consolidation Resolution to consolidate the Common Shares and the Board determines to consolidate the Common Shares, the presently issued and outstanding 3,650,000 Common Shares will be consolidated into approximately 730,000 Common Shares post-consolidation on a one (1) for five (5) basis. The foregoing consolidation ratio is provided solely for the purpose of illustrating some of the potential share consolidation ratio the Corporation may decide to use. The Corporation reserves the right, if the Board resolves to undergo the Consolidation, to choose any consolidation up to a one (1) for five (5) basis.

In the event the Consolidation Resolution is passed by the Shareholders, the Board shall have the right to determine such other consolidation ratio that may be in the best interest of the Corporation, as a result of which fewer than five (5) pre-consolidation Common Shares shall be consolidated into one (1) post-consolidation Common Share of the Corporation.

### *Principal Effects of the Consolidation*

If the Consolidation is approved, it would be implemented, if at all, only upon a determination by the Board that the Consolidation is in the best interests of the Corporation at the appropriate time and subject to the approval of the TSXV. In connection with any determination to implement a Consolidation, the Corporation’s Board will set the timing for such a Consolidation and select the specific ratio from within the range set forth in the Consolidation Resolution below. No further action on the part of the Shareholders would be required in order for the Board to implement the Consolidation. The Consolidation, when implemented, will occur simultaneously for all Common Shares and the consolidation ratio will be the same for all such Common Shares. Except for any variances attributable to fractional shares, the change in the number of issued and outstanding Common Shares that will result from the Consolidation will cause no change in the capital attributable to the Common Shares and will not materially affect any Shareholder’s percentage ownership in the Corporation, even though such ownership will be represented by a smaller number of Common Shares.

Furthermore, the Consolidation will not affect any Shareholder’s proportionate voting rights. Each Share outstanding after the Consolidation will be entitled to one vote. For illustrative purposes, the principal effects of the Consolidation will be that the number of Common Shares issued and outstanding will be reduced from 3,650,000 Common Shares to approximately 730,000 Common Shares post-consolidation (subject to adjustment for fractional shares), assuming

the consolidation ratio of five (5) pre-consolidation Common Shares shall be consolidated into one (1) post-consolidation Common Share.

Should the Consolidation be approved by Shareholders, accepted by the TSXV and implemented by the Board, Shareholders who hold share certificates will be required to exchange their share certificates representing the pre-consolidation Common Shares for new share certificates representing post-consolidation Common Shares. Each outstanding stock option, warrant, right or other security of the Corporation convertible into pre-consolidation Common Shares (“**Pre-Consolidation Convertible Securities**”) will, on the effective date of the implementation of the Consolidation, be adjusted pursuant to the terms thereof on the same consolidation ratio as described in the Consolidation Resolution below, and each holder of Pre-Consolidation Convertible Securities will become entitled to receive post-consolidation Common Shares pursuant to such adjusted terms.

In the event the Board determines to implement the Consolidation, it is expected that MTCL will send a letter of transmittal to each Shareholder as soon as practicable after the implementation of the Consolidation. The letter of transmittal will contain instructions on how Shareholders can surrender their share certificates representing pre-consolidation Common Shares to MTCL. MTCL will forward to each Shareholder who has sent in their share certificates pre-consolidation Common Shares, along with such other documents as MTCL may require, a new share certificate representing the number of post-consolidation Common Shares to which such Shareholder is entitled. No share certificates will be issued for fractional shares and any fractions of a share will be rounded down to the nearest whole number of Common Shares.

In general, the Consolidation will not be considered to result in a disposition of Common Shares by Shareholders for Canadian federal income tax purposes. The aggregate adjusted cost base to a common shareholder for such purposes of all Common Shares held by the common shareholder will not change as a result of the Consolidation; however, the Shareholder’s adjusted cost base per Common Share will increase proportionately. This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any common shareholder. It is not exhaustive of all federal income tax considerations. Accordingly, Shareholders should consult their own tax advisors having regard to their own particular circumstances.

#### *Effect on Non-Registered Shareholders*

Non-registered shareholders holding their Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than the procedures that will be used by the Corporation for registered shareholders. If you hold your Common Shares with such a bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee.

#### *Certain Risks associated with the Consolidation*

The effect of the Consolidation upon the market price of the Common Shares cannot be predicted with any certainty, and the history of similar share consolidations for corporations similar to the Corporation is varied. There can be no assurance that the total market capitalization of the Common Shares immediately following the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per-share market price of the Common Shares following the Consolidation will remain higher than the per-share market price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Common Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of the Consolidation. Furthermore, the Consolidation may lead to an increase in the number of Shareholders who will hold “odd lots”; that is, a number of shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the shares). As a general rule, the cost to Shareholders transferring an odd lot of Common Shares is somewhat higher than the cost of transferring a “board lot”. Nonetheless, despite the risks and the potential increased cost to Shareholders in transferring odd lots of post-Consolidation Common Shares, the Board believes the Consolidation is in the best interest of all Shareholders.

### *No Dissent Rights*

Under the *Business Corporations Act* (Ontario), Shareholders do not have dissent and appraisal rights with respect to the proposed Consolidation.

### *Resolution*

In order to pass the Consolidation Resolution, at least two-thirds of the votes cast by the holders of Common Shares present at the Meeting in person or by proxy must be voted in favour of the Consolidation Resolution. If the Consolidation Resolution does not receive the requisite shareholder approval, the Corporation will continue with its present share capital. The Corporation requests Shareholders to consider and, if thought advisable, to approve an ordinary resolution substantially in the form set out below:

**“BE IT HEREBY RESOLVED**, as a special resolution of the Corporation that:

- (a) the board of directors of the Corporation, subject to receipt of all regulatory approvals including from the TSX Venture Exchange, be and is hereby authorized to consolidate the total number of issued and outstanding Common Shares of the Corporation on the basis of one (1) post-consolidation common share of the Corporation for up to every five (5) pre-consolidation Common Shares of the Corporation currently outstanding, with the exact ratio of consolidation of Common Shares of the Corporation to be determined by the Board in its sole discretion, with any resulting fractions of post-consolidation Common Shares being rounded down to the nearest whole number of post-consolidation common shares;
- (b) the directors of the Corporation are hereby authorized to amend the articles of incorporation of the Corporation such that all of the Corporation’s common shares be consolidated to effect the Consolidation;
- (c) the effective date of such Consolidation shall be the date shown in the certificate of amendment issued by the director appointed under the *Business Corporations Act* (Ontario) or such other date indicated in the articles of amendment provided that, in any event, such date shall be prior to the date of the next annual meeting of shareholders;
- (d) in the event that the Consolidation would otherwise result in the issuance of a fractional Common Share, no fractional common share shall be issued and such fraction would be rounded down to the nearest whole number;
- (e) any officer or director of the Corporation is hereby authorized to sign, for and on behalf of the Corporation, and file the articles of amendment and deliver any document and to do all things and to sign any other document which he, in his sole discretion, may deem necessary or useful in order to give effect to this special resolution, including the determination of the effective date of the Consolidation and the filing of all appropriate documents with the TSX Venture Exchange so as to obtain its approval for the Consolidation; and
- (f) notwithstanding the foregoing, the directors of the Corporation are hereby authorized, without further approval of or notice to the Shareholders of the Corporation, to revoke this special resolution.”

**The Board unanimously recommends that Shareholders vote in favour of the Consolidation Resolution. The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the Consolidation Resolution.**

### **Other Matters**

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice. However, if any other matter properly comes before the Meeting, the form of proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

## STATEMENT OF CORPORATE GOVERNANCE

### Board of Directors

The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Corporation. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of the Shareholders, but that it also promotes effective decision making at the Board level.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) defines an “independent director” as a director who has no direct or indirect “material relationship” with the issuer. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgment. The Board maintains the exercise of independent supervision over management by ensuring that the majority of its directors are independent.

The Board is currently comprised of four (4) directors being Robert Pollock, David Guebert, Pasquale DiCapo, and David D’Onofrio. Messrs. Guebert and D’Onofrio are independent within the meaning of NI 58-101. Mr. Pollock is not independent as he is an officer of the Corporation and is a control person of the Corporation. Mr. DiCapo is not independent as he is a control person of the Corporation.

The Board believes that it functions independently of management and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance Guidelines*, the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance.

### Other Public Company Directorships

The following members of the Board currently hold directorships in other reporting issuers as set forth below:

Name	Name of Reporting Issuer	Exchange	Position	Term
<b>Pasquale DiCapo</b>	POCML 7 Inc.	TSXV	Director and Officer	November 2021 - Present
	Firm Capital Apartment Real Estate Investment Trust (formerly Firm Capital American Realty Partners Trust; formerly Firm Capital American Realty Partners Corp; formerly Delavaco Residential Properties Corp.)	TSXV	Director	January 2014 - Present
<b>David Guebert</b>	Discover Wellness Solutions Inc.	CSE	Director	February 2018 – Present
	Quisitive Technology Solutions Inc.(formerly Nebo Capital Corp.)	TSXV	Director	August 2018 – Present
	Legend Power Systems Inc.	TSXV	Director	February 2016 – Present
	Rex Opportunity Corp.	-	Director	June 2020 – Present
<b>David D’Onofrio</b>	POCML 7 Inc.	TSXV	Director and Officer	November 2021 - Present

### Orientation and Continuing Education of Board Members

The Board is responsible for providing a comprehensive orientation and education program for new directors which fully sets out:

- the role of the Board and its committees;
- the nature and operation of the business of the Corporation; and
- the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Corporation remains current.

### **Ethical Business Conduct**

The fiduciary duties placed on individual directors by the Corporation'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 will ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors and proposed directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Ontario), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest.

Any interested director will be required to declare the nature and extent of his or her interest and will not be entitled to vote at meetings of directors at which matters that give rise to such a conflict of interest are considered.

### **Nomination of Directors**

In accordance with the Board's written mandate, the Board as a whole reviews the composition of the Board and its committees and recommends changes, if appropriate, when evaluating potential candidates and proposing nominees.

### **Compensation**

In determining compensation levels for directors and officers, the Board will assess the age, experience and qualifications of the individuals involved and evaluate these factors in light of corporate resources, objectives and performance. No compensation consultant or advisor has been retained by the Corporation to date, in accordance with Policy 2.4.

### **Other Board Committees**

The Board has no committees other than the Audit Committee.

### **Assessments**

The Board does not consider formal assessments useful given the stage of the Corporation's business and operations. Time is set aside at Board meetings on an *ad hoc* basis for a discussion regarding the effectiveness of the Board. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees. On an informal basis, the chairman of the Board is also responsible for reporting to the Board on areas where improvements can be made. Any agreed upon improvements required to be made are implemented and overseen by the Board. A more formal assessment process will be instituted as, if, and when the Board considers it to be necessary.

## **AUDIT COMMITTEE INFORMATION**

### **The Audit Committee's Charter**

The directors of the Corporation have adopted a Charter for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The full text of the Audit Committee Charter is attached hereto as Appendix "A" to this Information Circular.

## Composition of the Audit Committee

The members of the Audit Committee are David Guebert (Chairman), Robert Pollock and David D’Onofrio. Messrs. Guebert and D’Onofrio are independent (as defined in National Instrument 52-110 – *Audit Committees* (“NI 52-110”) adopted by the Canadian Securities Administrators), Mr. Pollock is not independent as he is an officer of the Corporation, and all members are financially literate (as defined in NI 52-110).

Name of Member	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
David Guebert	Yes	Yes
Robert Pollock	No	Yes
David D’Onofrio	Yes	Yes

### Notes:

- (1) To be considered independent, a member of the Audit Committee must not have any direct or indirect “material relationship” with the Corporation. A “material relationship” is a relationship which could, in the view of the board of directors of the Corporation, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

## Relevant Education and Experience

### *David Guebert (Chair)*

David Guebert is a CPA, qualified in both Alberta and Pennsylvania, and a member of the Institute of Corporate Directors. Mr. Guebert started his career in 1979 at Deloitte where he qualified for his CPA designations. He went on to serve as the Controller for the XV Olympic Winter Games from 1986 to 1988. Since then, Mr. Guebert has taken on increasing senior roles, acting as Chief Financial Officer for a number of public and private companies, primarily in the technology industry. He currently sits as a board member and audit committee chair for Legend Power Systems (TSXV: LPS), Discover Wellness Solutions Inc. (CSE: WLNS) and Qusitive Technology Solutions, Inc. (TSXV: QUIS). From 2010 to 2017, he was board member and audit committee chair of Merus Labs International Inc. (TSX: MSL; NSDQ: MSLI), a specialty pharmaceutical company. Mr. Guebert is a graduate of the University of Saskatchewan. He has served as a volunteer on the audit and finance committee of the Calgary Stampede and the board of Hockey Calgary and the Calgary Olympic Development Association as well as various roles in hockey, baseball and his community.

### *David D’Onofrio*

Mr. D’Onofrio is the Chief Financial Officer of PowerOne Capital Markets Limited. As the Chief Financial Officer, Mr. D’Onofrio is active in advising and structuring corporate finance transactions and conducting due diligence. Mr. D’Onofrio is a Chartered Professional Accountant who has acted in both audit and international taxation advisory roles where he worked extensively with small/medium sized private and public companies, with a specific focus on early-stage resource, technology and health science companies, both foreign and domestic. Mr. D’Onofrio also acts as a corporate director, officer and advisor to several publicly listed companies. Mr. D’Onofrio is a graduate of the Schulich School of Business and holds a Masters of Taxation Degree from the University of Waterloo. Prior to joining PowerOne, Mr. D’Onofrio worked at Deloitte & Touche LLP and Collins Barrow LLP.

### *Robert Pollock*

Mr. Pollock is a director, officer and shareholder of Primary Capital Inc., an independent Toronto based merchant banking organization, operating as an exempt market dealer, that provides financing and advisory services to private and public companies. Mr. Pollock was director of Merus Labs International Inc. (TSX, NASDAQ: MSL), a specialty pharmaceutical company, which was acquired by Norgine B.V. in 2017 for C\$342 million. Mr. Pollock was a director (and member of the audit committee) of INV Metals Inc. (TSX: INV) from 2006 to 2021. Mr. Pollock graduated from Queen’s University, Kingston, Ontario (Accreditation - Bachelor of Arts degree) and Saint Mary’s University, Halifax, Nova Scotia (Accreditation - Master of Business Administration degree).

## Audit Committee Oversight

At no time during the year ended December 31, 2021 have any recommendations by the Audit Committee respecting the appointment and/or compensation of the external auditors of the Corporation not been adopted by the Board.

## Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in its Charter.

## External Auditor Services Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the fiscal years ended December 31, 2021 (being the Corporation's first financial year).

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(2)</sup>
December 31, 2021	8,464	\$2,418	-	-

Notes:

- (1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual financial statements.
- (2) No other fees were billed by the auditor of the Corporation other than those listed in the other columns.
- (3) In addition to the fees noted above, the Corporation accrued fees of \$10,882 from MNP LLP in connection with the IPO.

## Exemption

Since the Corporation is a "venture issuer" pursuant to NI 52-110 as its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the United States of America, the Corporation is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the year ended December 31, 2021, no director, executive officer or associate of any director or executive officer of the Corporation was indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Last Financial Year, no informed person of the Corporation, or any associate or affiliate of any informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Inquiries including requests for copies of this Information Circular, the Financial Statements and MD&A for the year ended December 31, 2021 may be directed to the Corporation's transfer agent toll-free by telephone at 1-844-682-5888 or by email to [info@marrellitrust.ca](mailto:info@marrellitrust.ca). Additional financial information is provided in the Financial Statements and MD&A for the year ended December 31, 2021 which is also available on SEDAR.

\* \* \* \* \*

## **APPROVAL**

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

**BY ORDER OF THE BOARD OF DIRECTORS OF  
ESG CAPITAL 1 INC.**

*“Robert Pollock”*

Robert Pollock  
President, Chief Executive Officer, Chief Financial Officer, Secretary, and Director

**APPENDIX "A"**  
**AUDIT COMMITTEE CHARTER**

## **ESG CAPITAL 1 INC. AUDIT COMMITTEE CHARTER**

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of ESG Capital 1 Inc. (“**ESG**” or the “**Corporation**”).

### **1.0 Mandate**

1.1 The Committee shall:

- (a) assist the Board in its oversight role with respect to the quality and integrity of the financial information;
- (b) assess the effectiveness of the Corporation’s risk management and compliance practices;
- (c) assess the independent auditor’s performance, qualifications and independence;
- (d) assess the performance of the Corporation’s internal audit function;
- (e) ensure the Corporation’s compliance with legal and regulatory requirements; and
- (f) prepare such reports of the Committee required to be included in any Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

### **2.0 Composition and Membership**

- 2.1 The Committee shall be composed of not less than three members, each of whom shall be a director of the Corporation. If there are more than three directors of the Corporation, a majority of the members of the Committee shall not be an officer or employee of the Corporation. A majority of the members shall satisfy the applicable independence requirements, and all members shall satisfy the experience requirements, of the laws governing the Corporation, the applicable stock exchanges on which the Corporation’s securities are listed and applicable securities regulatory authorities.
- 2.2 Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.
- 2.3 Members of the Committee shall be appointed or reappointed at the annual meeting of the Corporation and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.
- 2.4 The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Corporation a Chairman among their

number. The Chairman shall not be a former executive Officer of the Corporation. Such Chairman shall serve as a liaison between members and senior management (“**Management**”).

- 2.5 The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:
- (a) a quorum for meetings shall be at least three members;
  - (b) the Committee shall meet at least quarterly;
  - (c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least twenty-four (24) hours in advance of such meeting;
  - (d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.
- 2.6 The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

### **3.0 Duties and Responsibilities**

- 3.1 Oversight of the Independent Auditor
- (a) Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.
  - (b) Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
  - (c) Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
  - (d) Obtain and review a report from the independent auditor at least annually regarding: the

independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Corporation.

- (e) Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.
- (f) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
- (g) Review, as necessary, policies for the Corporation's hiring of partners, employees or former partners and employees of the independent auditor.

### 3.2 Financial Reporting

- (a) Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.
- (b) Review and discuss with Management the Corporation's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.
- (c) Review and discuss, with Management and the independent auditor, Management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on Management's assessment.
- (d) Review and discuss with Management the Corporation's quarterly financial statements prior to the publication of earnings.
- (e) Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
- (f) Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.

- (g) Discuss with the independent auditor at least annually any “Management” or “internal control” letters issued or proposed to be issued by the independent auditor to the Corporation.
- (h) Review and discuss with Management and the independent auditor at least annually any significant changes to the Corporation's accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.
- (i) Discuss with Management the Corporation's earnings press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.
- (j) Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
- (k) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.
- (l) Review disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Corporation's internal controls.
- (m) Discuss with the Corporation's General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

### 3.3 Oversight of Risk Management

- (a) Review and approve periodically Management's risk philosophy and risk management policies.
- (b) Review with Management at least annually reports demonstrating compliance with risk management policies.
- (c) Review with Management the quality and competence of Management appointed to administer risk management policies.
- (d) Review reports from the independent auditor at least annually relating to the adequacy of the Corporation's risk management practices together with Management's responses.
- (e) Discuss with Management at least annually the Corporation's major financial risk exposures

and the steps Management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

#### 3.4 Oversight of Regulatory Compliance

- (a) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (b) Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.
- (c) Meet with the Corporation's regulators, according to applicable law.
- (d) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

#### 4.0 Funding for the Independent Auditor and Retention of Other Independent Advisors

- 4.1 The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain and, at ESG's expense, to set and pay the compensation for such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes. The Committee also has the authority to communicate directly with internal and external auditors.

#### 5.0 Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

- 5.1 The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "Complaints Officer") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
- 5.2 The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
- 5.3 The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.

- 5.4 Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
- 5.5 The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

## **6.0 Procedures for Approval of Non-Audit Services**

- 6.1 The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
  - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
  - (b) financial information systems design and implementation;
  - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
  - (d) actuarial services;
  - (e) internal audit outsourcing services;
  - (f) management functions;
  - (g) human resources;
  - (h) broker or dealer, investment adviser or investment banking services;
  - (i) legal services;
  - (j) expert services unrelated to the audit; and
  - (k) any other service that the Canadian Public Accountability Board determines is impermissible.
- 6.2 In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
- 6.3 The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.**Reporting**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

**8.0 Access to Information and Authority**

The Committee will be granted unrestricted access to all information regarding ESG that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by members of the Committee.

**9.0 Review of Charter**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: May 21, 2021

Approved by: Audit Committee

Board of Directors

**APPENDIX “B”**  
**CPC OPTION PLAN**

**STOCK OPTION PLAN  
OF  
ESG CAPITAL 1 INC.**

**1. Purpose**

The purpose of the Stock Option Plan (the “**Plan**”) of **ESG CAPITAL 1 INC.**, a corporation incorporated under the *Business Corporations Act* (Ontario) (the “**Corporation**”) is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

**2. Administration**

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

**3. Stock Exchange Rules**

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”). It is the intention of the Corporation that this Plan will at all times be in compliance with the policies of the TSX Venture Exchange (the “**Policies**”) and any inconsistencies between this Plan and the Policies will be resolved in favour of the latter.

#### 4. Shares Subject to Plan

Subject to adjustment as provided in Section 15 hereof, the shares to be offered under the Plan (the “Shares”) shall consist of authorized but unissued common shares of the Corporation. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

#### 5. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

#### 6. Eligibility and Participation

- (a) Prior to the closing of the Qualifying Transaction (as such term is defined in the Policies), directors and officers of the Corporation and where permitted by Securities Laws (as such terms are defined in the Policies), a technical consultant whose particular industry expertise in relation to the business of the Vendors or the Target Company (as such terms are defined in the Policies), as the case may be, is required to evaluate the proposed Qualifying Transaction shall be eligible for selection to participate in the Plan.
- (b) Following the closing of the Qualifying Transaction, Directors, Officers, Consultants, Employees, and Eligible Charitable Organizations (as those terms are defined in TSX Venture Exchange (“TSXV”) Policy 4.4 – *Security Based Compensation* (“Policy 4.4”) of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries (“Management Company Employees”) shall be eligible for selection to participate in the Plan.

(collectively, such persons hereinafter collectively referred to as “Participants”).

Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

Prior to the closing of the Qualifying Transaction, no options may be granted under the Plan unless the Participant first enters into a CPC Escrow Agreement (as such term is defined in the Policies) agreeing to deposit the option, and their underlying Shares, into escrow pursuant to the Policies.

## 7. Exercise Price

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange. For certainty, prior to the closing of the IPO (as such term is defined in the Policies), the exercise price per Share cannot be less than the lowest price at which Seed Shares (as such term is defined in the Policies) were issued by the Corporation.
- (b) The Corporation will be required to obtain approval by a majority of the votes cast by all of the Corporation's shareholders at a duly constituted meeting, excluding votes attached to the common shares of the Corporation beneficially owned by Insiders (as such term is defined in the Policies) or as defined in securities legislation applicable to the Corporation) who are Participants ("**Disinterested Shareholder Approval**") prior to: (i) any reduction in the exercise price; or (ii) the extension of the term, of any option to purchase Shares previously granted to an Insider.

## 8. Number of Optioned Shares

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) (i) Prior to the completion of the Qualifying transaction, (A) no single Participant may be granted options to purchase a number of Shares equalling more than 5% of the Corporation's issued and outstanding common shares; and (B) no Participant who is a technical consultant may be granted options to purchase a number of Shares equalling more than 2%, of the Corporation's issued and outstanding common shares; and  
  
(ii) following the completion of the Qualifying Transaction, no single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued and outstanding common shares of the Corporation in any twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued and outstanding common shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).

- (d) Prior to the completion of the Qualifying Transaction, no Options may be granted to any persons providing investors relations activities, promotional or market-making services. Following completion of the Qualifying Transaction, Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued and outstanding common shares of the Corporation in any twelve month period to persons employed to provide investor relation activities. Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the options vesting in any 3 month period.
- (e) The grant to Insiders (as a group) of an aggregate number of all Security Based Compensation (as that term is defined in Policy 4.4), which includes the Options under this Plan, must not exceed 10% of the issued and outstanding common shares at any point in time (unless the Issuer has obtained the requisite disinterested shareholder (“Shareholder”) approval);
- (f) Subject to section 8.4(g) below, the grant to Insiders (as a group), within a 12 month period, of an aggregate number of options must not exceed 10% of the issued and outstanding common shares, calculated at the date an option is granted to any Insider, unless disinterested shareholder approval is obtained.
- (g) The aggregate number of options granted to Eligible Charitable Organizations must not exceed 1% of the issued and outstanding shares, calculated at the date the options were granted. Pursuant to section 4.5(c) of Policy 4.4, options granted to Eligible Charitable Organizations will not be included within the limits prescribed by Section 8.4(f).

## **9. Duration of Option**

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange, being 10 years for the TSX Venture Exchange.

In addition to any resale restriction under applicable securities laws, an option may be subject to a four-month Exchange Hold Period (as that term is defined in TSXV Policy 1.1 – *Interpretation*), commencing on the date the option is granted.

## **10. Option Period, Consideration and Payment**

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period.

- (d) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his, her or its legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him, her or it under the terms of the Plan.

**11. Ceasing To Be a Director, Officer, Consultant or Employee**

- (a) If the Participant does not continue to be a director, officer, consultant, employee of the Corporation, or of the Resulting Issuer (as such term is defined in the Policy), as the case may be, the options granted hereunder must be exercised by the Participant within 12 months after the Participant ceases to be a director, officer, consultant, or employee.
- (b) Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

**12. Death of Participant**

Notwithstanding section 11, in the event of the death of a Participant, the option previously granted to him or her shall be exercisable only within the one (1) year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the option at the date of his or her death.

**13. Rights of Optionee**

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until such exercised Shares are recorded on the Corporation's register as being issued and outstanding.

**14. Extension of Options Expiring During Blackout Period**

Should the expiry date for an Option fall within an interval of time during which the Corporation has determined the Participant may not trade any securities of the Corporation because they may be in possession of confidential information pertaining to the Corporation (the "**Blackout Period**"), or within nine (9) 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 (10th) business day after the end

of the Blackout Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. Notwithstanding Section 2, the tenth business day period may not be extended by the Board.

#### **15. Adjustments**

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, any adjustments relating to the Shares optioned or issued on exercise of options and the exercise price per Share as set forth in the respective stock option agreements shall be made in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

#### **16. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

#### **17. Amendment and Termination of Plan**

Subject to the policies, rules and regulations of any lawful authority having jurisdiction (including any exchange on which the Common Shares are listed for trading), the Board may at any time, without further action by the shareholders, amend the Plan or any option granted hereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to ensure that options granted hereunder will comply with any provisions respecting stock options in the income tax or other laws in force in any country or jurisdiction of which a person to whom an option has been granted may from time to time be resident or citizen or the Board may at any time, without action by shareholders, terminate the Plan. The Board may not, however, without the consent of the option holder, alter or impair any of the rights or obligations under any option theretofore granted.

#### **18. Necessary Approvals**

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

#### **19. Withholding Taxes**

The Corporation's obligation to deliver Shares issuable on the exercise of an option shall be subject to a Participant's satisfaction of all applicable income, employment and non-resident withholding tax obligations. Without limiting the generality of the foregoing, if the Corporation determines in its sole discretion that under

the requirements of applicable taxation laws or regulations of any governmental authority whatsoever it is obliged to withhold for remittance to a taxing authority any amount upon exercise of an option, the Corporation may take any steps it considers necessary or appropriate in the circumstances to withhold in connection with any option or other benefit under the Plan including, without limiting the generality of the foregoing:

- (a) requiring the Participant exercising the option to pay the Corporation, in the same manner as the exercise price for the Shares issuable on exercise of an option, such amount as the Corporation is obliged to remit to such taxing authority in respect of the exercise of the option, with any such additional payment, in any event, being due no later than the date as of which any amount with respect to the option exercised first becomes included in the gross income of the Participant for tax purposes;
- (b) issuing the Shares issuable on the exercise of an option to an agent on behalf of the Participant and directing the agent to sell a sufficient number of such Shares on behalf of the Participant to satisfy the amount of any such withholding obligation, with the agent paying the proceeds of any such sale to the Corporation for this purpose; and
- (c) to the extent permitted by law, deducting the amount of any such withholding obligation from any payment of any kind otherwise due to the Participant.

## **20. Effective Date of Plan**

The Plan has been adopted by the Board of the Corporation subject to any requisite approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

As a “rolling up to 10%” Plan (as that term is used in Policy 4.4), the Board will present this Plan for TSXV and shareholder approval on an annual basis. Failure to obtain any one of such approvals will suspend, but not terminate, the granting of further Options under the Plan until the requisite approvals are obtained.

## **21. Interpretation**

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