

**CAPHA PHARMACEUTICALS INC.**  
Suite 52 – 2417 Main Street  
West Kelowna, British Columbia V4T 2H8  
Tel: (778) 754-3000

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the annual general meeting of the shareholders (the "**Meeting**") of Capha Pharmaceuticals Inc. (the "**Company**") will be held at 69525 Huerta Court, Rancho Mirage, CA, on October 31, 2023 at the hour of 9:00 A.M., Pacific Daylight Time, for the following purposes:

1. To receive and consider the report of the directors and the consolidated financial statements of the Company together with the auditor's report thereon for the financial year ended December 31, 2022;
2. To fix the number of directors for the ensuing year at three (3);
3. To elect directors for the ensuing year;
4. To appoint D&H Group LLP, Chartered Accountants, as the Company's auditors for the ensuing year and to authorize the directors to fix the auditor's remuneration;
5. To transact such further or other business as may properly come before the meeting and any adjournments thereof.

The accompanying information circular provides additional information relating to the matters to be dealt with at the meeting and is deemed to form part of this notice.

If you are unable to attend the meeting in person, please complete, sign and date the enclosed form of proxy and return the same in the enclosed return envelope provided for that purpose within the time and to the location set out in the form of proxy accompanying this notice.

DATED this 26th day of September 2023.

**BY ORDER OF THE BOARD**

"James R. Brown"

James R. Brown

Chairman, President & Chief Executive Officer

**CAPHA PHARMACEUTICALS INC.**  
Suite 52 – 2417 Main Street  
West Kelowna, British Columbia V4T 2H8  
Tel: (778) 754-3000

**INFORMATION CIRCULAR**  
(As at September 26, 2023, except as indicated)

Capha Pharmaceuticals Inc. (the "**Company**") is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "**Meeting**") of the Company to be held on October 31, 2023 and at any adjournments. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

The Company is not sending this Information Circular to registered or beneficial shareholders using "notice-and-access" as defined under National Instrument 54-101 ("**NI 54-101**").

**APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the "**Management Proxyholders**").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

**VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

**COMPLETION AND RETURN OF PROXY**

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc. at Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto,

Ontario M5J 2Y1, Facsimile: (416) 263-9524, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## **NON-REGISTERED HOLDERS**

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your shares through a broker, you are likely a non-registered holder. Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners ("NOBOs"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("OBOs").

In accordance with securities regulatory requirements, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting. If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

The Company does not intend to pay for Nominees to deliver the meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the meeting materials unless their Nominee assumes the costs of delivery.

The Company is not sending the Meeting materials directly to NOBOs in connection with the Meeting, but rather has distributed copies of the Meeting materials to the Nominees for distribution to NOBOs.

## **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, all without par value, of which 64,431,030 common shares and no preferred shares are issued and outstanding as at the date of this Circular. Persons who are registered shareholders at the close of business on September 26, 2023 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company, except the following:

<i>Name</i>	<i>No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</i>	<i>Percentage of Outstanding Shares</i>
Janice Brown	52,388,036 common shares	81.3%

## ELECTION OF DIRECTORS

The directors of the Company (the "**Board**") are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Company at three (3).

The Company is required to have an audit committee. Members of this committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(2)</sup></i>
James R. Brown <sup>(1)</sup> Rancho Mirage, California U.S.A. Chairman, President, CEO, CFO, Corporate Secretary & Director	Chairman of the Company from October 2002 to present; President of the Company from January 13, 2004 to January 9, 2017; President of the Company from June 30, 2017 to present; CEO of the Company from January 13, 2004 to present. CFO & Corporate Secretary of the Company from July 30, 2019 to the present.	Director of the Company from October 31, 2002 to present.	258,092

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(2)</sup></i>
Janice Brown <sup>(1)</sup> West Kelowna, British Columbia Canada Corporate Secretary, CFO & Director	Corporate Secretary of the Company from November 2002 to July 31, 2019; CFO of the Company from April 6, 2005 to July 30, 2019.	Director of the Company from January 13, 2004 to present.	52,388,036
Herbert J. Leary <sup>(1)</sup> Pacific Palisades, California USA Director	Principal broker/owner of Leary Estates based in Los Angeles, California since 1994.	Director of the Company from October 25, 2010 to present.	285,526

(1) Member of the audit committee.

(2) Common shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at September 26, 2023, based upon information furnished to the Company by individual directors. Unless otherwise indicated, such common shares are held directly.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

To the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
  - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar 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; or
  - (ii) was subject to a cease trade or similar 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 the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) 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 the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The following directors of the Company hold directorships in other reporting issuers as set out below:

<i>Name of Director</i>	<i>Name of Other Reporting Issuer(s)</i>

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis ("**CD&A**") is to provide information about the Company's executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company's senior leaders, being the two identified named executive officers (the "**NEOs**") during the financial year ended December 31, 2022. The NEO who is the focus of the CD&A and who appears in the compensation tables of this Information Circular is James R. Brown, Chairman, President, Chief Executive Officer (the "**CEO**"), Chief Financial Officer (the "**CFO**") and Secretary of the Corporation.

### Board Oversight of Compensation

Among its other duties, the Board is responsible for (i) overseeing the Company's human resources policies, executive compensation, management succession and development, and equity compensation plans, and (ii) ensuring that the Company's executive compensation policies and programs are competitive and reflect the long term interest of the Company and its Shareholders. Given the size of the Company and the number of directors on the Board, the Board has not delegated any of the above responsibilities to a committee of the Board and performs such functions itself. In performing its duties, the Board has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

In order to ensure that the process for determining executive compensation remains objective, the Board requires that executive directors remove themselves from any deliberations or determinations relating to their own compensation. The Board considers the experience and insight of the executive directors to be an asset in the Board's discussions and decisions relating to human resources and general compensation matters and relies on their input in matters that are not directly related to their own compensation.

### Compensation Program

The primary goal of the Company's executive compensation program is to retain and motivate top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Company's senior officers is determined with regard to the Company's business strategy and objectives and financial condition, such that the financial interests of the senior officers are matched with the financial interests of the Company's shareholders. The Company strives to ensure that the Company's senior officers

are compensated fairly and commensurately with their contributions to furthering the Company's strategic direction and objectives.

Neither the Company 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 or director compensation. The Board relies on the knowledge and experience of the members of the Board and the recommendations of the CEO to set appropriate levels of compensation for senior officers.

The Board has not undertaken a formal analysis of the implications of the risks associated with the Company's compensation policies and practices.

The Company has not adopted a formal policy forbidding directors or NEOs from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by directors or officers; however, the Company is not aware of any directors or NEOs having entered into this type of transaction.

### **Compensation Program Design**

The total compensation mix was designed on the basis of the Company's compensation objectives. Standard compensation arrangements for the Company's senior officers are composed of the following elements, which are linked to the Company's compensation and corporate objectives.

### ***Consulting Fees***

Consulting fees are determined for each of the Company's executive officers on an individual basis, taking into consideration the individual's experience, performance and contributions to the Company's success and competitive industry pay practices for comparable positions with the primary goal of retaining highly qualified executives in a competitive market environment.

### ***Stock Options***

The Board believes that stock options encourage the Company's executive officers to own and hold shares in the Company which aligns their long-term interests directly to those of the shareholders and helps to achieve the Company's objective of retaining highly qualified executives. Under the terms of the Company's stock option plan, as amended (the "**Plan**"), the Board may propose and the Board may designate employees, including executive officers, eligible to receive options to acquire such numbers of common shares as the Board determines at an exercise price not less than the discounted market price determined in accordance with the terms of the Plan.

When granting options pursuant to the Plan, consideration is given to the exercise price of the aggregate options that would be held by an individual after the award. In determining the individual grants, the Board considers the following factors: the executive officer's relative position and performance as well as past equity grants.

The incentive stock options granted to executive officers increase in value as the market price of the common shares increase, thereby linking equity-based executive compensation to shareholder returns.

The Board regularly assesses the individual performance of the Company's executive officers. Based on these assessments, the Board makes decisions concerning the nature and scope of the equity-based compensation to be paid to the Company's executive officers. The criteria upon which these assessments are based reflect the Board's views as to the nature and value of the contributions made by the executive officers to the achievement of the Company's corporate plans and objectives. The Board generally considers option grants following the annual shareholders meeting, except in exceptional circumstances.



### ***Outstanding Share-Based Awards and Option-Based Plan Awards***

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the NEOs:

<i>Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>		
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)</i>	<i>Number of Shares Or Units Of Shares That Have Not Vested <sup>(1)</sup> (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested <sup>(1)</sup> (\$)</i>	<i>Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)</i>
James R. Brown, <i>President, CEO, CFO and Corporate Secretary</i>	Nil	Nil	Nil	Nil	N/A	N/A	N/A

- (1) The Company's shares are not currently trading on any securities exchange.
- (2) All incentive stock options are awarded under the Company's Stock Option Plan as defined below under "Discussion of Incentive Plan Awards – Stock Option Plan".

### ***Value Vested Or Earned During The Year***

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

<i>NEO Name</i>	<i>Option-Based Awards - Value Vested During The Year <sup>(1)</sup> (\$)</i>	<i>Share-Based Awards - Value Vested During The Year <sup>(2)</sup> (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
James R. Brown	Nil	Nil	Nil

- (1) This amount is the dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date, computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) This amount is the dollar value realized upon vesting of share-based awards, computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

## Discussion of Incentive Plan Awards

### *Stock Option Plan*

On December 14, 2015, shareholders of the Company approved the adoption of the Company's current stock option plan (the "**Stock Option Plan**"). A summary of certain provisions of the Stock Option Plan is set out below.

#### *Purpose*

The purpose of the Stock Option Plan is to give the directors, officers, employees and consultants of the Company and its subsidiaries an opportunity to participate in the success of the Company. The granting of stock options is intended to align the interests of such persons with that of shareholders.

#### *Administration and Amendment*

The Stock Option Plan is administered by the Board. The Board has the power and authority to determine the individuals to whom awards will be granted, and the term, amount, exercise price, vesting provisions and other relevant terms of such awards, and to construe and interpret the terms of the Stock Option Plan and outstanding awards.

The Board may from time to time, subject to applicable law and to the prior approval, if required, of either the shareholders, any regulatory body having authority over the Company or the Stock Option Plan, suspend, terminate or discontinue the Stock Option Plan at any time, or amend or revise the terms of the Stock Option Plan or of any option granted under the Stock Option Plan and the option agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance will in any manner adversely affect any option previously granted to a grantee under the Stock Option Plan without the consent of that grantee.

#### *Eligibility*

Directors, officers, employees and consultants of the Company and its subsidiaries are eligible to receive award grants under the Stock Option Plan.

#### *Limits on Shares Issuable on Exercise of Options*

Under the Stock Option Plan, the maximum aggregate number of shares reserved and available for issuance under the plan remains at 10,795,406.

The number of shares which may be issuable under the Stock Option Plan and all of the Company's other previously established or proposed share compensation arrangements within a one (1) year period:

- (a) to any one optionee will not exceed 5% of the total number of issued and outstanding shares on the date of grant on a non-diluted basis, unless the Company has obtained disinterested shareholder approval;
- (b) to any one consultant will not exceed 2% of the total number of issued and outstanding shares on the date of grant on a non-diluted basis; and
- (c) to all eligible persons who undertake investor relations activities will not exceed 2% in the aggregate of the total number of issued and outstanding shares on the date of grant on a non-diluted basis.

### *Outstanding Options*

As of September 26, 2023, there were no options outstanding.

In addition, as of September 26, 2023 there were no options outstanding under any arrangements other than the Stock Option Plan.

### *Stock Options*

Incentive stock options under the Stock Option Plan may be exercisable over periods of up to 10 years as determined by the Board to buy shares of the Company. Options are non-transferable and non-assignable.

The Board, subject to the policies of the any stock exchange on which the Company's shares are listed, may determine and impose terms upon which options will become vested. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on Option grants set out above, all options granted under the Stock Option Plan will vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one-quarter of the options vesting in any three (3) month period. Notwithstanding the foregoing, in the event that vesting requirements have been imposed on options previously granted by the Company pursuant to any stock option plan in place prior to the effective date of the current Stock Option Plan, such vesting requirements must be satisfied before any such options will become vested.

### **Pension Plan Benefits**

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

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

The Company does not have any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a Named Executive Officer's responsibilities.

### **Director Compensation**

The following table sets forth the compensation paid to the directors who are not also NEOs for the Company's most recently completed financial year:

<i>Director Name<sup>(1)</sup></i>	<i>Fees Earned (\$)</i>	<i>Share-Based Awards (\$)</i>	<i>Option-Based Awards (\$)</i>	<i>Non-Equity Incentive Plan Compensation (\$)</i>	<i>Pension Value (\$)</i>	<i>All Other Compensation (\$)</i>	<i>Total (\$)</i>
Herbert J. Leary	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Janice Brown	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Relevant disclosure has been provided in the Summary Compensation Table above, for directors who receive compensation for their services as a director who are also Named Executive Officers.

## Incentive Plan Awards to Directors

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the directors who are not NEOs:

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>		
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options (\$)</i>	<i>Number of Shares Or Units Of Shares That Have Not Vested <sup>(1)</sup> (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>	<i>Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)</i>
Herbert J. Leary	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Janice Brown	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) The Company's shares are not currently trading on any securities exchange.

### *Value Vested Or Earned During The Year*

The value of incentive plan awards granted to directors vested or earned during the most recently completed financial year are as follows:

<i>Name of Director</i>	<i>Option-Based Awards - Value Vested During The Year <sup>(1)</sup> (\$)</i>	<i>Share-Based Awards - Value Vested During The Year <sup>(2)</sup> (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Herbert J. Leary	Nil	Nil	Nil
Janice Brown	Nil	Nil	Nil

(1) The Company's shares are not currently trading on any securities exchange.

## Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>
<i>Equity compensation plans approved by securityholders</i>	Nil	Nil	10,795,406
<i>Equity compensation plans not approved by securityholders</i>	Nil	Nil	Nil
<i>Total</i>	Nil	Nil	10,795,406

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

As at September 26, 2023, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or its subsidiary which is owing to the Company or its subsidiary or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiary, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiary; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiary, in relation to a securities purchase program or other program.

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

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

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

No informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or its subsidiary.

## **APPOINTMENT OF AUDITORS**

D & H Group LLP, Chartered Accountants, of 10th Floor, 1333 West Broadway, Vancouver, British Columbia V6H 4C1, are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of D & H Group LLP, Chartered Accountants, as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the directors.

## **MANAGEMENT CONTRACTS**

No management functions of the Company are performed to any substantial degree by a person other than the directors or executive officers of the Company.

## AUDIT COMMITTEE

### The Audit Committee's Charter

#### *Mandate*

The primary function of the audit committee (the "**Committee**") is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

#### *Composition*

The Committee shall be comprised of three directors as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### *Meetings*

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

##### Documents/Reports Review

- (a) Review and update this Charter annually.

- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### ***Financial Reporting Processes***

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

### ***Other***

Review any related-party transactions.

### **Composition of the Audit Committee**

The following are the members of the Committee:

James R. Brown	Not independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Janice Brown	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Herbert J. Leary	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

<sup>(1)</sup> As defined by National Instrument 52-110 ("NI 52-110").

### **Relevant Education and Experience**

#### ***Janice Brown***

Mrs. Brown was the Chief Financial Officer of the Company from April 6, 2005 to July 30, 2019. She has over thirty years of general accounting experience and has over eighteen years of public company

accounting experience. She has served as corporate secretary of several public companies over the last eighteen years.

***James R. Brown***

Mr. Brown has been Chairman of the Company for the past seventeen years. He has over 35 years of experience operating public companies involved in mineral exploration and development.

***Herbert J. Leary***

Mr. Leary has extensive experience in the real estate industry and the financial markets for three decades. He is principal broker/owner of Leary Estates based in Los Angeles, California since 1994 having been involved with some of the largest real estate transactions in the U.S. during his tenure. Mr. Leary has been an investor in the Company and followed the Company since its early years. He brings a background in real estate investing, acquisitions, marketing and finance as well as a broad background in technology.

**Audit Committee Oversight**

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

**Reliance on Certain Exemptions**

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

**Pre-Approval Policies and Procedures**

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

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

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees (expressed in Canadian dollars) are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
December 31, 2022	\$7,500	Nil	\$1,250	Nil
December 31, 2021	\$6,250	Nil	\$1,250	Nil

**Exemption in Section 6.1 of NI 52-110**

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

## **CORPORATE GOVERNANCE DISCLOSURE**

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### **Independence of Members of Board**

As at September 26, 2023, the Company's Board consists of three directors, two of whom are independent based upon the tests for independence set forth in NI 52-110. Janice Brown and Herbert J. Leary are independent. James R. Brown is not independent as he is the Chairman, President, CEO, CFO and Corporate Secretary of the Company.

### **Management Supervision by Board**

The operations of the Company do not support a large Board and the Board has determined that the current constitution of the Board is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent directors are however able to meet at any time without any members of management, including the non-independent directors, being present. Further supervision is performed through the Audit Committee which is composed of a majority of independent directors who are able to meet with the Company's auditors without management being in attendance.

### **Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

### **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, new Board members are provided with:

- (a) information respecting the functioning of the Board, committees and copies of the Company's corporate governance policies;
- (b) access to recent, publicly filed documents of the Company; and
- (c) access to management.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

**Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Board has adopted a Code of Conduct, a copy of which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and has instructed its management and employees to abide by the Code.

**Nomination of Directors**

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board are consulted for possible candidates.

**Compensation of Directors and the CEO**

The independent directors are Herbert J. Leary and Janice Brown. These directors have the responsibility for determining compensation for the directors and senior management.

In setting the compensation the independent directors annually review the performance of the CEO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

**Board Committees**

As the directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger Board, the Board has determined that additional committees other than the Audit Committee are not necessary at this stage of the Company's development.

**Assessments**

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and each of its committees. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 52 – 2417 Main Street, West Kelowna, British Columbia V4T 2H8 to request copies of the Company's financial statements and MD&A.

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

**OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of

the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED September 26, 2023.

APPROVED BY THE BOARD OF DIRECTORS

*"James R. Brown"*

James R. Brown

Chairman, President & Chief Executive Officer