

**PURE EXTRACTION CORP.**  
**(formerly, Fitch Street Capital Corp.)**

**MANAGEMENT INFORMATION CIRCULAR**

All information as at November 25, 2020, except where indicated.

**PERSONS MAKING THIS SOLICITATION OF PROXIES**

This Management Information Circular (“Circular”) is provided in connection with the solicitation of proxies (“Proxies”) by management of Pure Extraction Corp. (formerly, Fitch Street Capital Corp.) (the “Company”) from the holders of common shares of the Company (“Common Shares”) in respect of the Annual General and Special Meeting of Shareholders of the Company (the “Meeting”) to be held on Wednesday, December 30, 2020 at the time and place and for the purposes set out in the accompanying notice of meeting (the “Notice of Meeting”).

While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company. All costs of this solicitation will be borne by the Company.

**In light of the ongoing public health concerns related to the COVID-19 pandemic and for the health and safety of our shareholders, employees, advisors and other stakeholders, we strongly encourage Shareholders to vote in advance of the Meeting by proxy instead of attending the Meeting in person. We ask that anyone considering attending the Meeting in person review the most current advice of the British Columbia Ministry of Health and the Public Health Agency of Canada.**

**Public health restrictions and recommendations may require that we restrict the number of people in attendance at the Meeting. Any persons attending the Meeting will be required to comply with health and safety measures that we may put in place. You should not attend the Meeting if you or someone with whom you have been in close contact with are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days prior to the Meeting.**

**Registered shareholders and duly appointed proxy holders who regard their physical attendance at the Meeting as essential are asked to contact the Company at 1-800-482-7560 (toll free) or [info@pureextraction.ca](mailto:info@pureextraction.ca) prior to 10:00 a.m. (Pacific time) on December 24, 2020 so that appropriate measures can be put in place to facilitate physical distancing and other precautions or alternative participation arrangements made to ensure the health and safety of all attendees.**

**The Company will follow the guidance and orders of public health authorities in that regard, including those restricting the size of public gatherings. Each such shareholder or duly appointed proxy holder may be asked to complete a declaration regarding COVID-19 related health matters prior to being admitted to the Meeting.**

## COMPLETION AND VOTING OF PROXIES

### Voting

Voting at the Meeting will be by a show of hands, each registered shareholder and each Proxyholder (representing a registered or non-registered shareholder) having one vote, unless a poll is required or requested, whereupon each such shareholder and Proxyholder is entitled to one vote for each share held or represented, respectively. To approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an “ordinary resolution”) unless the motion requires a “special resolution” in which case a majority of 66⅔% of the votes cast will be required.

### Appointment of Proxyholders

**A shareholder has the right to appoint a person (who need not be a shareholder) to represent the shareholder at the Meeting other than the persons named in the Proxy as Proxyholders. To exercise this right, the shareholder must insert the name of the shareholder’s nominee in the space provided or complete another Proxy.**

The persons named in the accompanying Proxy as Proxyholders are our directors or officers.

A shareholder completing the enclosed Proxy may indicate the manner in which the persons named in the Proxy are to vote with respect to any matter by marking an “X” in the appropriate space. On any poll required (for the reason described above) or requested, those persons will vote or withhold from voting the shares in respect of which they are appointed in accordance with the directions, if any, given in the Proxy, provided such directions are certain.

If a shareholder wishes to confer a discretionary authority with respect to any matter, then the space should be left blank. **In such instance, the Proxyholder, if nominated by management, intends to vote the shares represented by the Proxy in favour of the motion.**

**The enclosed Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may be properly brought before the Meeting.** At the time of printing this Information Circular, our management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. If, however, other matters which are not now known to the management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominees.

The Proxy must be dated and signed by the shareholder or the shareholder’s attorney authorized in writing. In the case of a Company, the Proxy must be dated and duly executed under its corporate seal or signed by a duly authorized officer or attorney for the Company.

**The completed Proxy, together with the power of attorney or other authority, if any, under which it was signed or a notary certified copy thereof, must be deposited with our transfer agent in accordance with the instructions and before the time set out in the Proxy. Proxies received after such time may be accepted or rejected by the Chair of the Meeting in the Chair’s discretion. Non-registered shareholders that are OBOs (as defined below under “Non-registered Shareholders”) must deliver their completed Proxies in accordance with the instructions given by their financial institution or other intermediary that forwarded the Proxy to them.**

## Registered Shareholders

Only shareholders registered as shareholders in our shareholder registry maintained by our registrar and transfer agent or duly appointed Proxyholders (except as discussed below under “Non-registered Shareholders”) will be recognized to make motions or vote at the Meeting.

## Non-registered Shareholders

**Many Shareholders are “non-registered” shareholders because the shares of the Company 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 shares.** More particularly, a person is not a registered Shareholder in respect of shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s, TFSA’s and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

There are two kinds of Non-Registered Holders: those who object to their name being made known to the issuers of securities which they own (called ‘**OBOs**’ for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called ‘**NOBOs**’ for Non-Objecting Beneficial Owners). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers* (“NI 54-101”), issuers can request and obtain a list of their NOBOs from intermediaries via their transfer agents and use the NOBO list for distribution of proxy-related materials directly to NOBOs. We are not using the notice and access provisions of NI 54-101 this year.

Under the provisions of NI 54-101, we will be directly delivering proxy-related materials to our NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a Voting Instruction Form (“VIF”), together with the Notice of Meeting, this Information Circular and related documents from our transfer agent, Computershare Investor Services Inc. (“Computershare”). These VIF’s are to be completed and returned to Computershare in the envelope provided, or by facsimile, or voted using the telephone or internet alternatives included on the VIF. In this regard, Computershare is required to follow the voting instructions properly received from NOBOs. Computershare will tabulate the results of the VIF’s received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIF’s they receive. **NOBOs should carefully follow the instructions of Computershare, including those regarding when and where to complete the VIF’s that are to be returned to Computershare.**

Should a NOBO wish to vote at the Meeting in person, the NOBO must insert the names of the NOBO (or the name of the person that the NOBO wants to attend and vote on the NOBO’s behalf) in the space provided on the VIF and return it to Computershare. If Computershare or the Company receives a written request that the NOBO or its nominee be appointed as proxy holder, if management is holding a proxy with respect to common shares beneficially owned by such NOBO, we will arrange, without expense to the NOBO, to appoint the NOBO or its nominee as proxy holder in respect of those common shares. Under NI 54-101, unless corporate law does not allow it, if the NOBO or its nominee is appointed as proxy holder by the Company in this manner, the NOBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that come

before the meeting and any adjournment or postponement of the meeting. If we receive such instructions at least one business day before the deadline for submission of proxies, we are required to deposit the proxy within that deadline, in order to appoint the NOBO or its nominee as proxy holder. **If a NOBO requests that the NOBO or its nominee be appointed as proxy holder, the NOBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the NOBOs vote to be counted.**

**NOBOs that wish to change their vote must, in sufficient time in advance of the Meeting, contact Computershare to arrange to change their vote.**

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner and we (or our agent) have sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, we (and not the intermediary holding on your behalf) have assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. We do not intend to pay the costs of intermediaries forwarding the securityholder materials to OBOs so OBOs will only receive the securityholder materials where the intermediary has assumed such costs.

In accordance with the requirements of NI 54-101, we have distributed copies of the Notice of Meeting, this Information Circular, the form of proxy and related documents (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to OBOs. Intermediaries are required to forward the Meeting Materials to OBOs unless in the case of certain proxy-related materials the OBO has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to OBOs. With those Meeting Materials, Intermediaries or their service companies should provide OBOs of Common Shares with a "request for voting instruction form" which, when properly completed and signed by such OBO and **returned to the Intermediary or its service company**, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit OBOs of Common Shares to direct the voting of the Common Shares that they beneficially own.

Should an OBO of Common Shares wish to vote at the Meeting in person, insert the OBO's name (or the name of the person the OBO wants to attend and vote on the OBO's behalf) in the space provided for that purpose on the request for voting instructions form and return it to the OBO's intermediary or send your intermediary another written request that the OBO or its nominee be appointed as proxy holder. The intermediary is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or its nominee as proxy holder in respect of the OBO's common shares. Under NI 54-101, unless corporate law does not allow it, if the intermediary makes an appointment in this manner, the OBO or its nominee, as applicable, must be given authority to attend, vote and otherwise act for and on behalf of the intermediary (who is the registered shareholder) in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. An intermediary who receives such instructions at least one business day before the deadline for submission of proxies is required to deposit the proxy within that deadline, in order to appoint the OBO or its nominee as proxy holder. **If an OBO requests that the intermediary appoint the OBO or its nominee as proxy holder, the OBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the OBOs vote to be counted.**

**OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered. Only registered Shareholders have the right to revoke a proxy. OBOs of Common Shares who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.**

Shareholders with questions respecting the voting of shares held through a stockbroker or other financial intermediary should contact that stockbroker or other intermediary for assistance.

#### **REVOCATION OF PROXIES**

Shareholders have the power to revoke Proxies previously given by them. Revocation can be effected by an instrument in writing (which includes a Proxy bearing a later date) signed by a shareholder or the shareholder's attorney authorized in writing and in the case of a Company, duly executed under its corporate seal or signed by a duly authorized officer or attorney for the Company, and either delivered to our registered office at Suite 440, 755 Burrard Street, Vancouver, British Columbia, V6Z 1X6 or to Computershare Investor Services Inc., at 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Canada, M5J 2Y1, or by fax at 1-866-249-7775 in Canada and the United States and 416-263-9524 outside of Canada and the US, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or deposited with the Chair of the Meeting on the day of the Meeting.

#### **EXERCISE OF DISCRETION**

If the instructions in a Proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the Proxy, and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made.

**Where no choice has been specified by the shareholder, and the management proxyholders have been appointed, such shares will, on a poll, be voted in accordance with the notes to the form of Proxy.**

The enclosed Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed Proxyholder thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.

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

Except as disclosed herein, no Person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors. For the purpose of this paragraph, "Person" shall include each person or company: (a) who has been a director or executive officer of the Company at any time since the commencement of the Company's last financial year; (b) who is a proposed nominee for election as a director of the Company; and (c) who is an associate or affiliate of a person or company included in subparagraphs (a) or (b).

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Information Circular, no executive officer, director, employee or former executive officer, director or employee of the Company or any of its subsidiaries is indebted to the Company, or any of its subsidiaries, nor are any of these individuals indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, or any of its subsidiaries.

## INTEREST OF CERTAIN PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the Company's most recently completed financial year, no informed person of the Company, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its shares.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Our authorized common share capital consists of an unlimited number of common shares without par value. As at the date hereof, we have issued and outstanding 38,101,239 fully paid and non-assessable common shares, each share carrying the right to one vote.

Any shareholder of record at the close of business on November 25, 2020 is entitled to vote in person or by proxy at the Meeting. The quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

To the best of the knowledge of our directors and senior officers, there are no Persons who, or companies which, beneficially owns, or controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all of our outstanding shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Number of Directors

The board of directors of the Company presently consists of three (3) directors. Shareholders will be asked at the Meeting to approve an ordinary resolution to set the number of directors elected for the ensuing year at four (4), subject to such increases as may be permitted by the articles of the Company and the provisions of the *Business Corporations Act* (British Columbia) (the "Business Corporations Act").

**The Company's Board of Directors recommends a vote "FOR" the approval of the resolution setting the number of directors at four (4). In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the approval of the**

resolution setting the number of directors at four (4).

## 2. Election of Directors

The term of office of each of the present directors expires at the Meeting. **The persons named below will be presented for election at the Meeting as management’s nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director.

Each director elected will hold office until our next annual general meeting or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with our Articles or with the provisions of the Business Corporations Act.

At the Meeting, we will ask shareholders to vote for the election of the four nominees proposed by us as directors. Each holder of Common Shares will be entitled to cast their votes for or withhold their votes from the election of each director.

### ***Nominees***

The following table provides information on the nominees proposed for election as directors, the Province or State and Country in which each is ordinarily resident and the period during which each has served as a director. The table also details the principal occupation of each nominee during the last five years as well as the nominees’ current equity ownership consisting of common shares beneficially owned, directly or indirectly, or controlled or directed, options and warrants (each equivalent in value to a common share) credited to each nominee as at November 25, 2020.

Name, position and jurisdiction of residence	Principal Occupation or employment during the past five years	Director since	Number of securities beneficially owned, controlled or directed, directly or indirectly
Balraj Mann Chief Executive Officer, Chief Financial Officer, President and Director British Columbia, Canada	CEO, President and a director of QMC Quantum Minerals Corp. since 2008, CPA with over 37 years of experience in Corporate Finance, acquisitions, and financial reporting, serving as a director and advisor for both public and private companies	July 31, 2007	708,333 Common Shares
Anthony Zelen <sup>(1)</sup> Director British Columbia, Canada	President of Zelen Consulting Inc., a wholly owned private company involved in investor relations, public relations, and strategic marketing for the technology, mining and oil and gas industries. Mr. Zelen has served as a director and officer of a number of private and public companies over the past 20 years.	July 31, 2007	83,333 Common Shares

Name, position and jurisdiction of residence	Principal Occupation or employment during the past five years	Director since	Number of securities beneficially owned, controlled or directed, directly or indirectly
Alicia Milne <sup>(1)</sup> Director British Columbia, Canada	Corporate and securities consultant; Director of QMC Quantum Minerals since October 2014; President and CEO of Minfocus Exploration Corp. since June 2020, director since September 2018.	November 9, 2017	100,000 Common shares
Barry Hartley <sup>(1)</sup> Director British Columbia, Canada	Partner at Dale Matheson Carr-Hilton, LaBonte LLP, Chartered Professional Accountants (March 2005 to Present); director and officer of a number of private and public companies over the past 15 years.	June 12, 2020	Nil

(1) Member of the Audit Committee.

To the best of management's knowledge, other than described herein, no proposed director is, or has been within the last ten years, a director or executive officer of any company that:

- (a) while that person was acting in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) after the director or executive officer ceased to be a director or executive officer, was the subject of a cease trade or similar order or an order which resulted from an event that happened while the director acted in that capacity that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) 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.

To the best of management's knowledge, no proposed director has, within the ten 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.

None of our directors has been subject to (a) 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 (b) any other 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 Company's Board of Directors recommends a vote "FOR" the appointment of each of the nominees as Directors. In the absence of a contrary instruction, the persons designated by management of the**

**Company in the enclosed form of proxy intend to vote FOR the election of the directors set out in the table above.**

**3. Appointment and Remuneration of Auditor**

Shareholders will be asked to approve the appointment of Sam S. Mah, Chartered Professional Accountant, as our auditor to hold office until the next annual general meeting of the shareholders at remuneration to be fixed by the directors.

Sam S. Mah, Chartered Professional Accountant, has been the Company's auditor since 2012.

**The persons named in the enclosed Proxy will vote for the appointment of Sam S. Mah, Chartered Professional Accountant, of Vancouver, British Columbia, as our auditor to hold office until the next annual general meeting of the shareholders, at a remuneration to be fixed by the directors.**

**4. Approval of Stock Option Plan**

*Description of Stock Option Plan*

The Company's stock option plan (the "**Option Plan**") provides for the issuance of stock options to acquire at any time up to a maximum of 10% of the Company's issued and outstanding Common Shares, including previously granted stock options. The Option Plan is considered a "rolling" stock option plan as the number of Common Shares reserved under the Option Plan increases with the number of the Company's issued and outstanding Common Shares. As required by the policies of the TSX Venture Exchange ("TSX-V"), the Option Plan requires annual shareholder approval.

The purpose of the Option Plan is to provide certain directors, officers and key employees of, and certain other persons who provide services to, the Company and its subsidiaries (the "**Optionees**") with an opportunity to purchase the Company's Common Shares and benefit from any appreciation in the value of the Company's Common Shares. This will provide an increased incentive for these individuals to contribute to the future success and prosperity of the Company, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Company and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Company.

Under the Option Plan, an option must be exercised within a period of five years from the date of grant. Within this five year period, the Company's Board may determine the period during which an option may be exercised. Any amendment to the Option Plan will require the approval of the TSX-V and may require shareholder approval. If ratification of the Plan or a modified version thereof is not obtained, the Company will not proceed to grant options under the Plan.

The following is a summary of the principal terms of the Option Plan:

*Eligible Participants*

The Option Plan provides that stock options may be granted to the Company's directors, officers, employees and consultants (and those of its subsidiaries).

### *Shares Available for Issuance*

The Option Plan is considered a “rolling” stock option plan, as the number of shares available for issue under the Option Plan increases with the number of the Company’s issued and outstanding shares. The maximum number of Common Shares that may be issuable under the Option Plan is a number equal to 10% of the number of issued and outstanding Common Shares on a non-diluted basis at any time. The Option Plan is also considered an “evergreen” stock option plan as when an option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares reserved for issuance under that expired or terminated stock option again become available for the purposes of the Option Plan. Any stock option outstanding when the Option Plan is terminated will remain in effect until such option is exercised or it expires.

### *Limitations on the Grant of Options*

The Option Plan provides that it is solely within the discretion of the Board to determine who should receive stock options, in what amounts and for what term, subject to the following conditions:

- (a) options may be exercisable for a maximum of five years from the date of grant;
- (b) options to acquire no more than 5% of the Company’s issued and outstanding Common Shares may be granted to any one director, officer, employee in any 12 month period unless the Company has obtained disinterested shareholder approval; and
- (c) options to acquire no more than 2% of the Company’s issued and outstanding Common Shares may be granted to any one consultant in any 12 month period;
- (d) the number of securities issuable (or reserved for issuance) to insiders under all security based compensation arrangements cannot at any time exceed 10% of the Company’s issued and outstanding shares; and
- (e) the number of securities issued to insiders under all security-based compensation arrangements, within a one-year period, cannot exceed 10% of the Company’s issued and outstanding Common Shares.

### *Exercise Price*

The price at which an option holder may purchase a Common Share upon the exercise of a stock option will be as set out in the option certificate issued in respect of the option and in any event will not be less than the market price of the Common Shares as of the date of the grant of the stock option (the “**Award Date**”). The market price of the Common Shares for a particular Award Date will typically be the closing trading price on the TSX-V of the Company’s Common Shares on the day immediately preceding the Award Date. In no case will a stock option be exercisable at a price less than the minimum prescribed by the TSX-V or the applicable regulatory authorities that would apply to the award of the stock option in question.

### *Expiration or Termination*

Under the Option Plan, a stock option will expire immediately in the event an employee ceases to be an employee of the Company as a result of termination for cause. In the event an employee ceases to be an employee as a result of resignation or termination without cause, a stock option will expire 30 days after

the end of an employee's notice period or at such other date as determined by the Board. In addition, a stock option will expire, unless otherwise determined by the Board, 30 days after: (i) a director ceases to be a director; and (ii) the expiration of a service provider's contract. In the event of the death of an option holder, the expiry date shall be the first anniversary of the option holder's date of death. If an option expires during a trading blackout or within 10 business days after the date on which the blackout ends, then the expiry date of the option will be extended for a period of 10 business days after such date on which the trading blackout ends.

### *Vesting*

Stock options granted to directors, officers, employees or service providers will vest as determined by the Board. In the event of a change of control, all options outstanding will vest immediately and be exercisable.

### *Amendments to the Plan*

The Board of Directors of the Company, absent prior approval of the shareholders of the Company and the TSX-V or any regulatory body having authority of the Company, will not be entitled to make any amendment:

- (a) to the number of the Company's shares issuable under the Option Plan (other than as a result of the operation of the "rolling" nature of such plan);
- (b) which reduces the exercise price of an option held by a person who is one of the Company's insiders at the time of such proposed amendment;
- (c) extending the term of an option held by a person who is one of the Company's insiders at the time of such proposed amendment beyond its original expiry date, except as otherwise permitted by the Option Plan; and
- (d) required to be approved by shareholders under applicable law.

The Board of Directors of the Company implemented the Option Plan in February 2010. A copy of the Option Plan is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), or from the Company upon request.

Pursuant to the policies of the TSX-V, all stock option plans that reserve for issuance up to 10% (instead of a fixed number) of a listed Company's shares need to be approved by its shareholders on an annual basis. The rules of the TSX-V require that the Option Plan be approved by an ordinary resolution passed by a majority of the votes cast by holders of Common Shares present or represented by proxy at the Meeting. At the Meeting, the shareholders of the Company will be asked to vote to approve the adoption of the Option Plan.

The maximum number of common shares that may be issuable under the Option Plan is a number equal to 10% of the number of issued and outstanding common shares on a non-diluted basis at any time. As of the date of this Circular, there are no stock options issued and outstanding under the Option Plan.

### ***Shareholder Approval***

The rules of the TSX-V require that the resolution respecting the adoption of the Option Plan and the grants of options thereunder (the “**Option Plan Resolution**”) be approved by a majority of the votes cast by shareholders of the Company present or represented by proxy at the Meeting.

The text of the Option Plan Resolution is set out below.

### ***Resolution Approving the Adoption of the Option Plan***

The ordinary resolution to approve the Option Plan, which will be presented at the Meeting and, if deemed appropriate, adopted with or without variation is as follows:

“IT IS RESOLVED THAT:

1. Subject to the Company receiving TSX Venture Exchange and any other regulatory approvals, if so required, the Option Plan as described in the management information circular dated November 25, 2020 and all unallocated entitlements issuable pursuant to the Option Plan are hereby ratified, confirmed and approved for issuance; and
2. Any one director or officer of the Company is authorized and directed on behalf of the Company to execute all documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution.”

**The Company’s Board of Directors recommends a vote “FOR” the Stock Option Plan Resolution. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the Stock Option Plan resolution set out above.**

### **5. Voluntary Delisting from the TSX Venture Exchange**

At the Meeting, shareholders will be asked to consider, and if deemed advisable, pass, with or without variation, an ordinary resolution (the “Delisting Resolution”), to approve the voluntary delisting (the “Delisting”) of the Common Shares from the TSX Venture Exchange (the “TSXV”).

The Delisting is intended to take effect concurrently with the listing of the Common Shares on the Canadian Securities Exchange (the “CSE”), which will be organized by the Board subsequent to the Meeting assuming that the shareholders pass the Delisting Resolution.

In general terms, the status of the Common Shares as qualified investments for registered plans for purposes of the Income Tax Act (Canada) (the “Tax Act”) depends on the status of the shares as listed on a “designated stock exchange” or the status of the Company as a “public corporation”, as those terms are defined for purposes of the Tax Act. While the TSXV and the CSE are both currently a designated stock exchange, it is possible that a hiatus may arise where the Common Shares have been de-listed from the TSXV at a time when they are not yet considered fully listed on the CSE. However, the current understood status of the Company as a “public corporation” (and the qualified investment status associated therewith) should, in general terms, continue under the Tax Act unless the Company elects not to be a public corporation or the Minister of National Revenue designates the Company not to be a public corporation. The status of the Company for these purposes, and the status of the Common Shares as qualified investments for registered plans, is not addressed under “Certain Canadian Federal Income Tax

Considerations” or otherwise addressed in this Circular, and affected holders should consult their own tax advisors in this regard.

The Board believes that the Delisting is in the best interests of the Company and therefore unanimously recommends that shareholders vote in favour of the Delisting Resolution.

In order to pass the Delisting Resolution, at least a majority of the votes cast by the shareholders present at the Meeting in person or by proxy must be voted in favour of the Delisting Resolution, excluding votes attaching to the Common Shares held by promoters, directors, officers and other insiders of the Company, in accordance with the requirements of the TSXV.

The text of the Delisting Resolution to be voted on at the Meeting by the shareholders is set forth below:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the Company be and is hereby authorized to voluntarily delist its securities from the TSX Venture Exchange (the “Delisting”);
2. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company be, and they are hereby authorized and empowered to revoke this resolution at any time prior to it being acted upon and to determine not to proceed with Delisting without further approval of the shareholders of the Company; and
3. any director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as such officer or director may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**The Company’s Board of Directors recommends a vote “FOR” the Delisting Resolution. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the Delisting Resolution set out above.**

## **6. Listing on the CSE**

At the Meeting, the shareholders will be asked to consider, and if deemed advisable, pass, with or without variation, an ordinary resolution (the “CSE Listing Resolution”), to authorize the Company to apply to the Canadian Securities Exchange (the “CSE”) to list the Common Shares for trading.

The Board believes that the Company would best be served by the Common Shares trading on the facilities of the CSE and the Company operating in accordance with the policies and restrictions of the CSE.

Concurrently with or subsequent to the Delisting, the Board intends to apply to the CSE to list the Common Shares for trading on the CSE, which approval shall only be permitted with the prior approval of the Company’s shareholders.

If shareholders approve the ordinary resolution to authorize the application to list the Common Shares on the CSE, upon consideration and approval by the Board, the Company will submit its listing application (the “Listing Application”) to the CSE. Upon completion of the Listing Application, the Common Shares

shall, subject to approval of the CSE, be listed for trading on the CSE.

The Board believes that the CSE Listing Application is in the best interests of the Company and therefore unanimously recommends that shareholders vote in favour of the CSE Listing Resolution.

In order to pass the CSE Listing Resolution, at least a majority of the votes cast by the shareholders present at the Meeting in person or by proxy must be voted in favour of the CSE Listing Resolution, excluding votes attaching to the Common Shares held by promoters, directors, officers and other insiders of the Company.

The text of the CSE Listing Resolution to be voted on at the Meeting by the shareholders is set forth below:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the Company be and is hereby authorized, to make application to the Canadian Securities Exchange (the “CSE”) to list the Common shares of the Company for trading on the CSE;
2. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company be, and they are hereby authorized and empowered to revoke this resolution at any time prior to it being acted upon and to determine not to proceed with Delisting without further approval of the shareholders of the Company; and
3. any director or officer of the Company be and he or she is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**The Company’s Board of Directors recommends a vote “FOR” the CSE Listing Resolution. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the CSE Listing Resolution set out above.**

#### EXECUTIVE COMPENSATION

Unless otherwise noted, the following information is for the Company’s last completed financial year ended March 31, 2020.

##### Named Executive Officers

For the purposes of this Circular, a Named Executive Officer (“NEO”) of the Company means each of the following individuals:

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

neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

The Company had one Named Executive Officer of the Company as at March 31, 2020: Balraj Mann, our Chief Executive Officer, President and Chief Financial Officer.

### Director and Named Executive Office Compensation

The following table sets forth a summary of the compensation paid to the NEOs and the Directors for the two most recently completed financial years:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
Balraj Mann CEO, President & CFO & Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Anthony Zelen Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Alicia Milne Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Michael Konnert <i>Former Director</i> <sup>(1)</sup>	2020	n/a	n/a	n/a	n/a	n/a	n/a
	2019	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Konnert resigned as a Director on May 11, 2018.

The NEO did not receive perquisites or personal benefits worth in aggregate 10% or more of his total salary, or any post-retirement benefits (including insurance). There are no employment, consulting or management agreements under which compensation is paid to a director or named executive officer.

### Stock Options and other Compensation Securities

The Company does not have any stock options or other compensation securities issued or outstanding.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Stock Options and other Compensation Securities

The following table sets out for each NEO and Director of the Company all compensation securities granted or issued to each in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company:

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class <sup>(1)</sup>	Date of Issue or Grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Balraj Mann CEO & President Director	Stock option	630,000 stock options (50%) 630,000 underlying common shares (3.76%)	07/19/19	0.165	0.18	0.18	07/19/24
Anthony Zelen Director	Stock Option	150,000 stock options (12%) 150,000 underlying common shares (0.90%)	07/19/19	0.165	0.18	0.18	07/19/24
Alicia Milne Director	Stock option	150,000 stock options (12%) 150,000 underlying common shares (0.90%)	07/19/19	0.165	0.18	0.18	07/19/24

(1) The percentage of class is based on the total number of options and common shares outstanding as at March 31, 2020: 16,755,785 common shares and 1,260,000 stock options.

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

The following table sets out, as at March 31, 2020, information regarding outstanding options, warrants and rights granted by the Company under its equity compensation plans.

#### Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders	1,260,000	0.165	415,578
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
<b>Total</b>	<b>1,260,000</b>		<b>415,578</b>

(1) The Company had a total of 16,755,785 common shares issued and outstanding at the year ended March 31, 2020.

#### DISCLOSURE OF CORPORATE GOVERNANCE PRACTICE

The Board of Directors is committed to ensuring that the Company identifies and implements effective corporate governance practices, which are both in the interest of its shareholders and contributes to effective and efficient decision making.

The Company's approach to significant issues of corporate governance is designed to ensure that the business and affairs of the Company are effectively managed to enhance shareholder value. Management

has been able to draw assistance from individual directors as well as seek advice from the Board of Directors as a whole, when circumstances require.

In accordance with National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (the “**Disclosure Instrument**”) and National Policy 58-201 – Corporate Governance Guidelines (the “**Guidelines**”) the Company is required to disclose, on an annual basis, its approach to corporate governance. In addition, the Company is subject to National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), which prescribes certain requirements in relation to audit committees and defines the meaning of independence with respect to directors. These reflect current regulatory guidelines of the Canadian Securities Administrators.

The Company has established its own corporate governance practices in light of these guidelines, as set forth below. In certain cases, the Company’s practices will comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company is a capital pool company that has not completed a qualifying transaction and has limited financial resources. As a result, the Company’s corporate governance practices have not been extensively developed. The Board will continue to review with management the corporate governance practices of the Company to ensure that they are sound practices for effective and efficient decision making.

#### **Board of Directors and Directorships**

The Board of Directors is responsible for the governance of the Company. It establishes the overall policies and standards of the Company. The Board of Directors meets on a regularly scheduled basis. In addition to these meetings the directors are kept informed of operations through regular reports and analyses by, and discussions with, management.

The Board of Directors of the Company is currently comprised of three directors, all of whom are proposed to be nominated for election as set out in the table on page 6 of this Circular. National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) defines an “independent” director as one who has no direct or indirect “material relationship” with the Company. A “material relationship” is defined as a relationship that could, in the view of the Company’s Board of Directors, reasonably be expected to interfere with the exercise of a director’s independent judgement. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship with the Company. Applying the definition set out in NI 52-110, two of the three members of the Board are independent: Anthony Zelen and Alicia Milne.

The Board meets quarterly, as necessary when operations warrant, and following an annual meeting of shareholders of the Company. In carrying out its responsibilities, the Board requires management of the Company to prepare and submit budgets and programs for approval of the Board. These budgets and programs, and any updates, are to be reviewed at the Board’s quarterly meetings.

In addition to their positions on the Board, the following directors also serve as directors of the reporting issuers or reporting issuer equivalent(s):

<b>Name of Director</b>	<b>Reporting Issuer(s) or Equivalent(s)</b>
Balraj Mann	QMC Quantum Minerals Corp.

Name of Director	Reporting Issuer(s) or Equivalent(s)
Anthony Zelen	QMC Quantum Minerals Corp. Calavaras Resource Corp. Jessy Ventures Corp.
Alicia Milne	QMC Quantum Minerals Corp. Minifocus Exploration Inc. Saville Resources Inc. Core Assets Corp.

### **Orientation and Continuing Education**

Upon election or appointment of new directors, the Company will provide new directors with an information package of the Company, including, among other things, its policies, procedures and disclosures. Generally, the Company expects that the board members have a familiarity with the business of mineral exploration and development. Professional advisors may be invited to attend Board meetings, as needed. The Company also relies on the relatively straightforward nature of its business and the established qualifications and expertise of its board members.

### **Ethical Business Conduct**

The Board has adopted a written Code of Conduct (the “**Code**”), which is available under the Company’s profile on SEDAR. The entire Company is encouraged to report violations of the Code in accordance with the procedures set forth in the Code. In addition to responding to any complaints or violations reported directly to the Board members, the Board is expected to make periodic inquiries of the Company’s management as to issues related to compliance with Code requirements. In addition, in the course of the regular business and operation updates provided by management to the Board members, there are opportunities to discuss any Code compliance issues. As required under the Business Corporations Act and the Company’s articles:

- a director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual’s duty or interest as a director or executive officer of the Company must promptly disclose the nature and extent of that conflict; and
- a director who holds a disclosable interest (as that term is used in the Business Corporations Act) in a contract or transaction into which the Company has entered or proposes to enter may not vote on any directors’ resolution to approve the contract or transaction, other than as permitted by the Business Corporations Act and the Company’s articles.

Generally, as a matter of practice, directors or senior officers who have disclosed a material interest in any transaction or agreement that the Board is considering will not take part in any Board discussion respecting that contract or transaction, unless permitted by the Business Corporations Act and the Company’s articles. If on occasion such directors do participate in the discussions, they will abstain from voting on any matters relating to matters in which they have disclosed a material interest.

### **Nomination of Directors & Assessments**

Potential candidates for appointment to the Board will be considered by the entire Board of Directors of

the Company. The Board has no specific procedures for regularly assessing the effectiveness and contribution of the Board, its committees or individual directors. As the business of the Company is relatively straightforward, it is expected that a significant lack of performance on the part of a committee or individual director would become readily apparent, and could be dealt with on a case-by-case basis. With respect to the Board as a whole, the Board will monitor its performance on an ongoing basis and as part of that process, consider the overall performance of the Company and input from its shareholders. The Board as a whole is responsible for assessing its effectiveness, its members and each committee in consultation with the chair of the Board and the chair of each committee.

## **AUDIT COMMITTEE**

NI 52-110 requires that certain information regarding the Audit Committee of an issuer be included in the management information circular sent to shareholders in connection with the issuer’s annual meeting and that the Audit Committee to meet certain requirements.

### **Overview**

The overall purpose of the Audit Committee is to ensure that the Company’s management has designed and implemented an effective system of internal financial controls, to review and report on integrity of the consolidated financial statements of the Company and to review the Company’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts. The Board of Directors has adopted a Charter for the Audit Committee that sets out the Audit Committee’s mandate, organization, powers and responsibilities, a copy of which is attached as Schedule “A” to this Circular.

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

The Audit Committee is comprised of Barry Hartley (Chair), Balraj Mann and Alicia Milne. Each member of the Audit Committee is considered to be “financially literate”. Barry Hartley and Alicia Milne are “independent” within the meaning of sections 1.4 and 1.5 of NI 52-110. The members of the Audit Committee, along with their relevant education and experience, are set out in the following table:

<b>Director</b>	<b>Relevant Education and Experience</b>
Barry Hartley	Mr. Hartley is a CPA and partner at Dale Matheson Carr-Hilton, LaBonte LLP, Chartered Professional Accounts and has been a director and officer of numerous public and private companies over the years.
Balraj Mann	Mr. Mann is a Chartered Professional Accountant and a Chartered Accountant and has been a director and officer of numerous public and private companies over the years.
Alicia Milne	Has been a director and officer of numerous public and private companies.

The Audit Committee has established policies and procedures that are intended to control the services that are provided by the Company’s auditors and to monitor their continuing independence. Under these policies, no services may be undertaken by the auditors unless the engagement is specifically approved by the Audit Committee or the services are included within a category which has been pre- approved by the Audit Committee. The Audit Committee will not approve engagements relating to, or pre-approve categories of, non- audit services to be provided by the auditors: (i) if such services are of a type the performance of which would cause the auditors to cease to be independent within the meaning of

applicable securities law; and (ii) without consideration, among other things, of whether the auditors are best situated to provide the required services and whether the required services are consistent with their role as auditor.

## Complaints

The Audit Committee has established a “Whistleblower Policy” which outlines procedures for the confidential, anonymous submission by employees regarding the Company’s compliance with all applicable government laws, rules and regulations, corporate reporting and disclosure, accounting practices, accounting controls, auditing practices and other matter relating to fraud against shareholders (the “Accounting Concerns”), without fear of retaliation of any kind. If an applicable individual has any concerns about any of the Accounting Concerns which they consider to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

## Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Company's Board of Directors.

## Reliance on Exemptions in NI 52-110 regarding *De Minimis* Non-audit Services or on a Regulatory Order Generally

In respect of the Company’s most recently completed financial year, the Company has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110. In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 5 (*Reporting Obligations*) of NI 52-110.

## Pre-Approval Policies and Procedures

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

## External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Company by its external auditor during the two last financial years.

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
March 31, 2020	\$10,000	-	\$1,000	NIL
March 31, 2019	\$8,000	\$6,300	\$1,000	NIL

(1) The aggregate fees billed by the Company's auditor for audit fees.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the “Audit Fees” column.

- (3) The aggregate fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice, and tax planning.
- (4) All other fees billed by the auditor for products and services not included in the foregoing categories.

#### **OTHER BUSINESS**

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the Proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company may be found in the Company's financial statements and Management's Discussion and Analysis for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above.

Shareholders may contact the Company by mail at Suite 440, 755 Burrard Street, Vancouver, British Columbia, V6Z 1X6, by facsimile at 604-668-1320 and by telephone at 604-601-2018 to request copies of the Company's financial statements and Management's Discussion and Analysis.

DATED this 25<sup>th</sup> day of November, 2020.

#### **ON BEHALF OF THE BOARD OF DIRECTORS**

Balraj Mann  
Chief Executive Officer and President

**Schedule "A"**  
**AUDIT COMMITTEE CHARTER**

**Purpose**

The Audit Committee is appointed by the Board of Directors of Pure Extraction Corp. (formerly, Fitch Street Capital Corp.)(the "Company") to assist the Board in monitoring:

- (1) the integrity of the financial statements of the Company,
- (2) the independent auditor's qualifications and independence,
- (3) the performance of the Company's internal audit function and independent auditors, and
- (4) the compliance by the Company with legal and regulatory requirements.

**Committee Membership**

The Audit Committee shall consist of three members, each of whom must be a member of the Board. A majority of the members of the Audit Committee shall be independent as determined in accordance with section 1.4 of National Instrument 52-110 *Audit Committees*. All members of the Audit Committee shall be financially literate. For the purposes of this Charter, an individual is financially literate if he or she has 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 Company's financial statements.

The members of the Audit Committee shall be appointed by the Board. Audit Committee members may be replaced by the Board.

**Meetings**

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly, unless otherwise determined by the Board. Meetings may be with representatives of the independent auditors, and appropriate members of management, all either individually or collectively as may be required by the Audit Committee. The independent auditors will have direct access to the Audit Committee at their own initiative. The Audit Committee will report periodically the Audit Committee's findings and recommendations to the Board of Directors.

**Audit Committee Authority and Responsibilities**

Responsibilities and powers of the Audit Committee include:

- Annual review and revision of this Charter as necessary with the approval of the Board of Directors.
- Determining, as a committee of the Board of Directors, the selection, the appointment, evaluation, fees and, if necessary, the replacement of the independent auditors, subject to the approval of the shareholders of the Company.
- Approving the appropriate audit engagement fees and the funding for payment of the independent auditors' compensation and any advisors retained by the Audit Committee.
- Ensuring that the auditor's report directly to the Audit Committee and are made accountable to the Audit Committee and the Board, as representatives of the shareholders to whom the auditors are ultimately responsible.
- Confirming the independence of the auditors, which will require receipt from the auditors of a formal written statement delineating all relationships between the auditors and the Company and any other factors that might affect the independence of the auditors and reviewing and discussing with the auditors any significant

relationships and other factors identified in the statement. Reporting to the Board of Directors its conclusions on the independence of the auditors and the basis for these conclusions.

- Ensuring that the independent auditors are prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:
  - bookkeeping or other services related to the accounting records or financial statements of the Company;
  - financial information systems design and implementation;
  - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
  - actuarial services;
  - internal audit outsourcing services;
  - management functions or human resources;
  - broker or dealer, investment adviser or investment banking services;
  - legal services and expert services unrelated to the audit; and
  - any other services which the Public Company Accounting Oversight Board and Canadian Public Accountability Board determine to be impermissible.
- Meeting with the auditors and financial management of the Company to review the scope of the proposed audit for the current year, and the audit procedures to be used.
- Reviewing with management and the independent auditors:
  - the Company's annual financial statements and related footnotes, management's discussion and analysis and the annual information form, for the purpose of recommending approval by the Board of Directors prior to its release, and ensuring that:
    - management has reviewed the audited financial statements with the Audit Committee, including significant judgments affecting the financial statements;
    - the members of the Audit Committee have discussed among themselves, without management or the independent auditors present, the information disclosed to the Audit Committee;
    - the Audit Committee has received the assurance of both financial management and the independent auditors that the Company's audited financial statements are fairly presented in conformity with Canadian generally accepted accounting standards ("GAAP") in all material respects.;
  - Any significant changes required in the independent auditors' audit plan and any serious issues with management regarding the audit; and
  - Other matters related to the conduct of the audit that are to be communicated to the Audit Committee under generally accepted auditing standards.
- Reviewing with the independent auditors and management the adequacy and effectiveness of the financial and accounting controls of the Company.
- Establishing procedures: (i) for receiving, handling and retaining of complaints received by the Company regarding accounting, internal controls, or auditing matters, and (ii) for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.

- Reviewing with the independent auditors any audit problems or difficulties and management's response and resolving disagreements between management and the auditors.
- Making inquiries of management and the independent auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.
- Assessing the overall process for identifying principal business, political, financial and control risks and providing its views on the effectiveness of this process to the Board.
- Ensuring that the disclosure of the process followed by the Board of Directors and its committees, in the oversight of the Company's management of principal business risks, is complete and fairly presented.
- Reviewing of confirmation of compliance with the Company's policies on internal controls, conflicts of interests, ethics, foreign corrupt practice, etc.
- Reviewing with financial management and, to the extent it deems necessary or appropriate, the independent auditors' interim financial information for the purpose of recommending approval by the Board of Directors prior to its release.
- At least annually obtaining and reviewing a report prepared by the independent auditors describing (i) the auditors' internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues.
- Setting clear hiring policies for employees or former employees of the independent auditors.
- Ensuring 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. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
- Engaging independent counsel and other advisors if the Audit Committee determines such advisors are necessary to assist the Audit Committee in carrying out its duties.
- Reporting annually to the shareholders in the Company's Management Information Circular prepared for the annual and general meeting of shareholders on the carrying out of its responsibilities under this charter and on other matters as required by applicable securities regulatory authorities.
- Discussing with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.