

Lithium South

DEVELOPMENT CORPORATION

MANAGEMENT INFORMATION CIRCULAR

as at September 26, 2022

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of **Lithium South Development Corporation** (the “**Company**”) for use at the annual general and special meeting (the “**Meeting**”) of its shareholders to be held on **October 31, 2022** at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.

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

The Meeting will be held in virtual only format, which will be conducted via Zoom. Registered shareholders and validly appointed proxyholders may attend the Meeting using the below web link:

https://us06web.zoom.us/meeting/register/tZArceCrqTsuG9eI_Rky9q2oXj63kKH87Y9n

Meeting ID: 846 6937 0413

Passcode: 688019

Registered Shareholders who attend the Meeting will have an opportunity to participate at the Meeting, regardless of their geographic location.

GENERAL PROXY INFORMATION

Solicitation of Proxies

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

The Meeting will be held in virtual only format, which will be conducted via telephone conference. Registered Shareholders who attend the Meeting will have an opportunity to participate at the Meeting, regardless of their geographic location.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

The only methods by which you may appoint a person as proxy are submitting a Proxy by mail, hand delivery or fax.

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the common shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any

matter to be acted upon, your common shares will be voted accordingly. The Proxy confers discretionary authority on persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, or where both choices have been specified, in favour or all matters described herein, the persons named in the Proxy will vote the common shares represented by the Proxy for the approval of such matter.

Notice and Access

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

Registered Shareholders

If you are a Registered Shareholder and wish to have your shares voted at the Meeting, you will be required to submit your vote by proxy in advance of the Meeting. **In person voting will not be permitted at the Meeting due to issues related to the verification of shareholder identity.** Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the Proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), in accordance with the instructions on the Proxy. Alternatively, Registered Shareholders may vote their common shares via the internet or by telephone as per the instructions provided on the Proxy.

In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Registered Shareholders electing to submit a Proxy may do so by:

- (a) **Internet.** Vote online at www.investorvote.com using the Proxy control number found in the enclosed Proxy.
- (b) **Telephone.** Using a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll-free number, the holder’s account number and the Proxy Control Number.
- (c) **Mail.** Completing, dating and signing the enclosed Proxy and returning it to Computershare, by fax within North America at 1-866-249-7775, or by mail or hand delivery at 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Canada.

In all cases ensuring that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Should you wish to contact Computershare, please refer to the following:

General Shareholder Inquiries:

By phone:	1-800-564-6253
By fax:	1-866-249-7775
By email:	service@computershare.com
By regular mail:	Computershare Investor Services Inc. 100 University Avenue, 8 th Floor Toronto, Ontario, M5J 2Y1

Non-Registered Shareholders (Beneficial Shareholders)

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

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has 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, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

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

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

Pursuant to National Instrument 54-101 of the Canadian Securities Administrators, the Company is sending proxy-related materials directly to NOBOs, which materials will include a scannable Voting Instruction Form (a "VIF"). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and Internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

Management of the Company does not intend to pay for intermediaries to forward to OBOs under National Instrument 54-101 the proxy-related materials and Form 54-101F7 *Request for Voting Instructions Made by Intermediary*, and, in the case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Every intermediary that mails proxy-related materials to Beneficial Shareholders has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their common shares are voted at the Meeting.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a voting instruction form (the "**Broadridge VIF**") which will be like the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. The Broadridge VIF will appoint the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **If you receive a Broadridge VIF, you cannot use it to vote common shares directly at the Meeting – the Broadridge VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting to have the common shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your common shares in that capacity. **If you wish to attend at the Meeting and indirectly vote your common shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.**

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your common shares.

Voting by Proxy Generally

Proxies will not be accepted at the Meeting. All Proxies must be submitted to Computershare by 11:00 a.m. (Vancouver time) on Thursday, October 27, 2022 (the “Proxy Deadline”). Registered Shareholders and validly appointed proxyholders may attend the Meeting by video conference by using the web link included on page 1 of the Circular.

As there will be no in person attendance or voting at the Meeting, votes received by the Proxy Deadline for each matter set out in the notice of meeting will be tabulated in advance of the Meeting by Computershare and compiled in a proxy report respecting Proxies held by the individuals named in the accompanying Proxy or voting instruction form and an appointee summary respecting proxies held by non-management proxyholders (collectively, the “**Proxy Report**”). The determination as to whether a particular matter has been approved, a particular individual has been appointed or a particular resolution has been passed will be made solely on the basis of the voting results set out in the Proxy Report. Since no in person voting will be permitted due to the inability to verify a shareholder’s identity and voting results respecting matters set out in the notice of meeting will be determined solely based on the voting results set out in the Proxy Report, **no ballots will be permitted at the Meeting.** All results will be determined by reference to the Proxy Report. Management will advise at the Meeting, the voting results for each matter set out in the Proxy Report and shareholders will be entitled to request a copy of the Proxy Report from management after the Meeting.

Notice to United States Shareholders

The Company’s common shares are not registered under Section 12 of the United States Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), and this solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Residents of the United States should be aware that applicable Canadian proxy solicitation rules differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of the Company’s shares by shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards in Canada, and reconciled to accounting principles generally accepted in the United States.

Revocation of Proxies

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

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the address of the registered office of the Company at **Suite 400, 1681 Chestnut Street, Vancouver, British Columbia V6J 4M6**, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the Registered Shareholder's common shares.

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

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

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Company has fixed September 26, 2022 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their common shares voted at the Meeting.

The Company is authorized to issue an unlimited number of common shares without par value. As of the Record Date, there were 96,500,147 common shares issued and outstanding, each carrying the right to one vote. Other than as set out below, no group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares.

To the knowledge of the directors and executive officers of the Company, as at the Record Date, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company.

VOTES NECESSARY TO PASS RESOLUTIONS

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

SETTING NUMBER OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at five (5). The Board proposes that the number of directors remain at five (5). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at five (5).

ELECTION OF DIRECTORS

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of common shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name of Nominee; Current Position with the Company, Province and Country of Residence	Occupation, Business or Employment⁽¹⁾	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled⁽¹⁾
Adrian Hobkirk Washington, USA <i>President, CEO and Director</i>	Business Executive; President and CEO of the Company.	October 20, 2004	571,199
Christopher P. Cherry British Columbia, Canada <i>CFO and Director</i>	Chartered Professional Accountant, Cherry Consulting Ltd.; self-employed management consultant providing management and accounting consulting services to public companies.	December 22, 2017	279,938 ⁽³⁾
Fernando Alcocer⁽²⁾ Salta, Argentina <i>Director, VP Business Development and Director of Project Development</i>	Industrial engineer and self-employed management consultant and project manager focused on lithium process development.	March 3, 2017	85,104
Alison Xiao Tian Dai Sichuan Province, China <i>Director</i>	Business Development and Director, Chengdu Chemphys Chemical Industry Co. Ltd.	December 22, 2017	Nil
Yi Hua Dai Sichuan Province, China <i>Director</i>	Founder, Chengdu Chemphys Chemical Industry Co., Ltd., 1998, a Chinese company focussed on battery quality and high purity lithium processing.	June 30, 2021	7,613,571 ⁽⁴⁾

- (1) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise indicated, each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years. The number of common shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by the nominees themselves.
- (2) Member of Audit Committee.
- (3) Of these 279,938 common shares, 125,771 common shares are held directly by Mr. Cherry and 154,167 common shares are held by Cherry Consulting Ltd., a company owned and operated by Mr. Cherry.
- (4) These common shares are held by Latam Resources Pty Limited, a company owned and operated by Mr. Dai.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Except as disclosed below, to the best of the Company's knowledge, as at the date of this Circular, and within the last 10 years before the date of this Circular, no proposed director (or any of their personal holding companies) of the Company was a director, CEO or CFO of any company (including the Company) that:

- (a) was subject to a cease trade or similar order (“**CTO**”) or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO; or
- (b) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, CEO or CFO in the company and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

On June 9, 2020, at the request of management, the Company submitted an application to the British Columbia Securities Commission (the “**BCSC**”) for a management cease trade order (the “**MCTO**”) for the postponement of filing its audited financial statements, management’s discussion & analysis (“**MD&A**”) and related certifications (the “**Financial Materials**”) for the year ended December 31, 2019 and interim financial statements and MD&A for the quarter ended March 31, 2020. On July 16, 2020, the BCSC issued a revocation order for the Company and the MCTO was lifted.

On July 21, 2020, the BCSC issued a CTO against Gold Port Corporation (“**Gold Port**”) and all of its insiders, including Adrian Hobkirk and Christopher P. Cherry, for failure to file its Financial Materials for the year ended December 31, 2019. On August 31, 2020, Gold Port filed the Financial Materials and the CTO was lifted on September 3, 2020. Also on May 9, 2022, the BCSC issued a CTO to Gold Port for failure to file Financial Materials for the year ended December 31, 2021. Gold Port filed the Financial Materials for the year ended December 31, 2021 on June 8, 2022. On June 10, 2022, the BCSC issued a revocation order for Gold Port and the CTO was lifted.

In addition Mr. Cherry was a former director and officer of Wolfeye Resource Corp. (now Lexagene Holdings Inc.) (“**Lexagene**”) which was the subject of a CTO issued by the BCSC against Lexagene and its directors, officers and insiders in 2013 for failing to file Financial Materials. The CTO was lifted the same year. Mr. Cherry was a former CFO of Mexivada Mining Corp. (“**Mexivada**”). On October 31, 2012, at the request of management, the BCSC issued a MCTO against the insiders of Mexivada for not filing comparative Financial Materials for the year ended June 30, 2012. On February 27, 2020, the BCSC issued a revocation order for Mexivada and the CTO was lifted. Mr. Cherry was a former director and officer of 1040426 BC Ltd., 1040433 BC Ltd., 1040440 BC Ltd., 1040442 BC Ltd. and Genix Pharmaceutical Corp., in 2016, the BCSC issued a CTO against these companies, for failure to file Financial Materials for the year ended July 31, 2016. In 2017, the BCSC issued revocation orders for each of 1040426 BC Ltd., 1040433 BC Ltd. and 1040442 BC Ltd. 1040440 BC Ltd. and the CTO was lifted. In 2018, the CTO for Genix Pharmaceutical Corp. was lifted. Mr. Cherry was the former CFO of NetCents Technology Inc. (“**NetCents**”). On March 1, 2019, at the request of management of NetCents, the BCSC issued a CTO against the insiders of NetCents for failure to file Financial Materials for the year ended October 31, 2018. The listed was lifted that same year. Mr. Cherry was a former CFO of WPD Pharmaceuticals Inc. (“**WPD**”) which was the subject of a CTO issued by the BCSC in 2020 for failure to file Financial Materials. The CTO was lifted the same year. Mr. Cherry was a former director and CFO of VPN Technologies Inc. (“**VPN**”) which was the subject of a CTO issued by the BCSC against VPN and its directors, officers and insiders in 2020 for failing to file Financial Materials. The CTO was lifted the same year. In 2021 VPN was subject to a further CTO for failure to file Financial Materials and the CTO was lifted in 2022. Mr. Cherry was the former CFO of AuQ Gold Mining Inc. In 2021, the BCSC issued a CTO against the Company and its insiders for failure to file the Financial Materials. The CTO was lifted the same year. Mr. Cherry was the former CFO of Blackwell Intelligence Inc. (“**Blackwell**”). In 2022, the BCSC issued a CTO against the Company and its insider for failure to file the Financial Materials for the year ended December 31, 2021. The CTO was lifted that same year. Mr. Chery is a director and officer of Lynx Digital Finance Corp. which is currently subject to a CTO issued by the BCSC for failure to file financial statements for the year ended December 31, 2021.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is as at the date of this Circular or has been within 10 years before the date of this 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

- (b) has within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

None of the proposed directors (or any of their personal holding companies) 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 a regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITOR

Davidson & Company LLP, Chartered Professional Accountants (“**Davidson & Company**”), of 1200 - 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the Board. Davidson & Company were appointed the auditor of the Company on December 11, 2012.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee’s Charter

The Audit Committee has a charter. The copy of the Audit Charter is attached to the Company’s management information circular dated May 7, 2021 and was filed on SEDAR at www.sedar.com on April 16, 2021 and is specifically incorporated by reference into, and forms an integral part of, this Circular.

Composition of the Audit Committee

The current members of the Audit Committee are Fernando Alcocer (Chair), Adrian Hobkirk and Alison Xiao Tian Dai. All members of the Audit Committee are considered to be financially literate. Ms. Dai is not an executive officer of the Company and, therefore, is an independent member of the Audit Committee. Mr. Hobkirk and Mr. Alcocer are executive officers of the Company and are not considered to be independent members of the Audit Committee.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a member’s independent judgement.

A member of the Audit Committee is considered 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.

Relevant Education and Experience

The following describes the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member:

Fernando Alcocer has 13 years of experience in the mining industry in Argentina with a focus on Lithium Process Development. From 2009 to 2013 he worked with Lithium Americas Corp. / Minera Exar S.A. as Project Manager which included construction management and commissioning of the initial pilot evaporation facilities and laboratory

at the Cauchari Olaroz Lithium Project. His private consulting company is currently developing the pilot test facility for the Mariana Lithium Project in Argentina. He holds a degree in Industrial Engineering and has specialized training in Data Modeling and Analysis for Business and Engineering from M.I.T.

Adrian Hobkirk has 32 years of experience in the mining and venture capital industry, beginning with Norgold Resources in 1990, which was ultimately purchased by BEMA Gold. Mr. Hobkirk has been involved in Guyana for over twenty years and founded the company to develop the Groete Gold Copper Deposit in 2006. He has worked in many countries including Canada, Mongolia, Venezuela, Guyana, Chile, Colombia, the United States and Mexico. He has been involved in mineral exploration and technology ventures, and has extensive public company experience. He is the founder and project developer of Lithium South. He holds a BA in Economics from Simon Fraser University and is the largest single individual shareholder of the Company.

Alison Xiao Tian Dai has 7 years of experience in the lithium industry and is responsible for business development and is a director for Chengdu Chemphys Chemical Industry Co., Ltd. In her role at Chemphys, Ms. Dai has been involved in developing strategic partnerships, international markets and procurement. Prior to joining Chemphys, Ms. Dai was an investment banking analyst at J.P. Morgan Australia in the mining and metals team. Ms. Dai holds a double degree in Bachelor of Laws and Bachelor of Commerce from the University of Western Australia.

Each member of the Company's present and proposed Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor, other than Davidson & Company.

Reliance on Certain Exemptions

The Company is relying upon the exemptions in section 6.1 of NI 52-110 in respect of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) under NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Davidson & Company to the Company to ensure auditor independence. The following table outlines the fees incurred with Davidson & Company, who were appointed auditors of the Company on December 11, 2012 for audit and non-audit services in the last two fiscal years:

<u>Nature of Services</u>	<u>Fees Paid to Auditor in Year Ended December 31, 2021</u>	<u>Fees Paid to Auditor in Year Ended December 31, 2020</u>
Audit Fees ⁽¹⁾	\$27,835	\$21,305
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$9,750	\$7,200
All Other Fees ⁽⁴⁾	<u>Nil</u>	<u>Nil</u>
Total:	<u>\$37,585</u>	<u>\$28,505</u>

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

CORPORATE GOVERNANCE

General

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices.

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. The Canadian Securities Administrators have adopted NI 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the Canadian Securities Administrators have implemented NI 58-101, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its Audit Committee, the Board examines the effectiveness of the Company’s internal control processes and management information systems. The plenary Board reviews executive compensation and recommends stock option grants.

The independent members of the Board are Alison Xiao Tian Dai and Yi Hua Dai.

The non-independent members of the Board are Adrian Hobkirk, the President and CEO of the Company, Christopher P. Cherry, the CFO of the Company and Fernando Alcocer, the VP, Business Development and Director of Project Development of the Company.

Other Directorships

The following directors of the Company are directors of other reporting issuers:

Adrian Hobkirk

Mr. Hobkirk is a current director of Gold Port Corporation and Oz Lithium Corporation.

Christopher P. Cherry

Mr. Cherry is a current director of Angel Gold Corp., American Biofuels Inc., Anquiro Ventures Ltd., Oz Lithium Corporation, CloudMD Software & Services Inc., Gold Port Corporation., Harvest Gold Corporation, Lynx Global Digital Finance Corp. and Treatment.com International Inc.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board determines compensation for the directors and CEO.

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

COMPENSATION OF EXECUTIVE OFFICERS

Executive Compensation

In this section "Named Executive Officer" ("NEO") means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of

the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

During the year ended December 31, 2021, the Company had the following NEOs: Adrian Hobkirk, the President and CEO of the Company, Christopher P. Cherry, CFO of the Company, Fernando Alcocer, VP, Business Development and Director of Project Development of the Company.

Compensation Discussion and Analysis

The Board has not appointed a compensation committee so the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation programs, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board as a whole.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company. The Board receives independent competitive market information on compensation levels for executives.

The compensation for executives includes four components: base consulting fees, bonus (if applicable), stock options and perquisites. As a package, the compensation components are intended to satisfy the objectives of the compensation program (that is, to attract, retain and motivate qualified executives). There are no predefined or standard termination payments, change of control arrangements or employment contracts.

Philosophy and Objectives

The Company's compensation policies and programs are designed to be competitive with similar mining exploration companies and to recognize and reward executive performance consistent with the success of the Company's business. The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including (a) attracting and retaining talented, qualified and effective executives, (b) motivating the short and long-term performance of these executives; and (c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has encouraged equity participation and in furtherance thereof employs its stock option plan.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation has been accomplished through the issuance of common shares and incentive stock options ("**Options**"). Options are granted to executives and employees taking into account a number of factors, including the amount and term of Options previously granted, base consulting fees and bonuses and competitive factors. The amounts and terms of Options granted are determined by the Board.

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

Option-Based Awards

The Company adopted a new 10% rolling stock option plan (the "**New Plan**") on September 13, 2022 to include new requirements pursuant to TSXV Policy 4.4 *Security Based Compensation* (the "**Policy**") which came into effect on November 24, 2021. The New Plan replaces the previous stock option plan which was approved by the Board on June 29, 2005.

The New Plan provides incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes Option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All Option grants require approval of the Board.

The New Plan is administered by the Board and provides that Options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

See *Particulars of Matters to be Acted Upon – Adoption of New Stock Option Plan* for further information on the Company’s New Plan.

Summary Compensation Table

Name and Principal Positions	Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Adrian Hobkirk ⁽²⁾ President and CEO	2021	331,820	N/A	508,969	N/A	N/A	N/A	Nil	840,789
	2020	171,625	N/A	65,450	N/A	N/A	N/A	Nil	237,075
	2019	156,165	N/A	N/A	N/A	N/A	N/A	Nil	156,165
Christopher P. Cherry ⁽³⁾ CFO	2021	270,000	N/A	326,262	N/A	N/A	N/A	Nil	596,262
	2020	120,000	N/A	74,375	N/A	N/A	N/A	Nil	194,375
	2019	97,500	N/A	N/A	N/A	N/A	N/A	Nil	97,500
Fernando Alcocer ⁽⁴⁾ VP, Business Development and Director, Project Development	2021	240,454	N/A	326,409	N/A	N/A	N/A	Nil	566,863
	2020	Nil	N/A	44,625	N/A	N/A	N/A	Nil	44,625
	2019	Nil	N/A	N/A	N/A	N/A	N/A	Nil	Nil

(1) For the financial years ended December 31.

(2) Mr. Hobkirk has served as President, CEO and a director of the Company since October 20, 2014.

(3) Mr. Cherry has served as CFO and a director of the Company since November 26, 2014.

(4) Mr. Alcocer was appointed as the VP, Business Development, on November 9, 2018 and Director of Project Development on April 12, 2021.

Incentive Plan Awards

Pursuant to the New Plan, the Company may grant up to 10% of the issued and outstanding common shares of the Company.

The following table sets out all Option-based awards outstanding as at the year-ended December 31, 2021 for each NEO. There were no share-based awards granted to any of the NEOs:

Option-based Awards				
Name and Principal Positions	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options (\$) ⁽¹⁾
Adrian Hobkirk President and CEO	120,000	0.20	February 10, 2025	73,200
	100,000	0.305	April 9, 2025	50,500
	780,000	0.70	February 4, 2026	85,800
Christopher P. Cherry CFO	150,000	0.20	February 10, 2025	91,500
	100,000	0.305	April 9, 2025	50,500
	500,000	0.70	February 4, 2026	55,000
Fernando Alcocer VP, Business Development and Director, Project Development	150,000	0.20	February 10, 2025	91,500
	100,000	0.70	February 4, 2026	11,000
	350,000	0.80	March 24, 2026	3,500

(1) This amount is based on the difference between the market value of the securities underlying the Options on December 31, 2021, which was \$0.81, being the last trading day of the Company’s shares for the financial year and the exercise price of any outstanding Options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested during the financial year-ended December 31, 2021 for Options awarded under the Option Plan for the NEO, as well as the value earned under non-equity incentive plans for the same period.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Adrian Hobkirk President and CEO	209,500	Nil	Nil
Christopher P. Cherry CFO	197,000	Nil	Nil
Fernando Alcocer VP, Business Development and Director, Project Development	106,000	Nil	Nil

Termination and Change of Control Benefits

There are no compensatory plans or arrangements with respect to any NEO resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of an NEO's responsibilities following a change in control.

Director Compensation

During the most recently completed financial year-ended December 31, 2021, the directors who were not NEOs received the following compensation for services provided to the Company:

Name	Fees earned (\$)	Share-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Allen Ambrose ⁽¹⁾	33,000	139,868	N/A	N/A	N/A	172,868
Gordon Kenneth Neal ⁽²⁾	Nil	139,868	N/A	N/A	N/A	139,868
Alison Xiao Tian Dai ⁽³⁾	Nil	391,514	N/A	N/A	N/A	391,514
Yi Hua Dai ⁽⁴⁾	Nil	159,214	N/A	N/A	N/A	159,214

(1) Mr. Ambrose served as a director of the Company from August 10, 2006 to June 30, 2021.

(2) Mr. Neal served as a director of the Company from June 13, 2017 to June 30, 2021.

(3) Ms. Dai was appointed a director of the Company on December 22, 2017.

(4) Mr. Dai was appointed a director of the Company on June 30, 2021.

Outstanding Option-Based Awards

The following table sets forth for each director, other than those who are also NEOs of the Company, all awards outstanding at the end of the most recently completed financial year-ended December 31, 2021, including awards granted before the most recently completed financial year.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Allen V. Ambrose	50,000	0.20	February 10, 2025	30,500
	100,000	0.70	February 4, 2026	11,000
	100,000	0.80	March 24, 2026	1,000
Gordon Kenneth Neal	100,000	0.20	February 10, 2025	61,000
	100,000	0.70	February 4, 2026	11,000
	100,000	0.80	March 24, 2026	1,000
Alison Xiao Tian Dai	50,000	0.20	February 10, 2025	30,500
	100,000	0.305	April 9, 2025	50,500
	600,000	0.70	February 4, 2026	66,000

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Yi Hua Dai	250,000	0.68	October 26, 2026	32,500

(1) This amount is based on the difference between the market value of the securities underlying the Options on December 31, 2021, which was \$0.81, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding Options.

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.

The purpose of granting such Options is to assist the Company in compensating, attracting, retaining and motivating the directors, officers, employees and consultants and to closely align the personal interests of such persons to that of the shareholders.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each director, other than those who are also NEOs of the Company, the value of all incentive plan awards vested during the financial year-ended December 31, 2021:

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Allen V. Ambrose	42,500	Nil	Nil
Gordon Kenneth Neal	73,000	Nil	Nil
Alison Xiao Tian Dai	147,000	Nil	Nil
Yi Hua Dai	32,500	Nil	Nil

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out equity compensation plan information as at the year ended December 31, 2021:

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 securityholders	6,520,000	\$0.64	2,691,734
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total:	6,520,000	N/A	2,691,734

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or who at any time during the last financial year was a director or executive officer or employee of the Company, a proposed nominee for election as a director of the Company or an associate of any such director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Company or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, 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 INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the Company's last completed financial year, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Except as set out herein, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Adoption of New Stock Option Plan

TSXV policy requires all of its listed companies to have a stock option plan if a company intends to grant Options. The Board adopted its New Plan on September 13, 2022 to comply with the Policy which was implemented by the TSXV on November 24, 2021. On August 26, 2022, the Company received conditional approval of the New Plan from the TSXV.

The Policy requires (i) all of its listed companies to have a security based compensation plan if a company intends to grant Options; (ii) shareholder approval is required by ordinary resolution in respect of the implementation or amendment of a security based compensation plan, and annually no later than 15 months from the date shareholder approval was last obtained for the security based compensation plan, otherwise, the issuer will be unable to grant any further security based compensation under the security based compensation plan until shareholder approval is obtained; and (iii) the security based compensation plan must be submitted for TSXV review and approval on an annual basis.

The New Plan is a rolling plan, and a maximum of 10% of the issued and outstanding common shares of the Company at the time an Option is granted, less common shares reserved for issuance on exercise of Options then outstanding under the New Plan, are reserved for Options to be granted at the discretion of the Board to eligible optionees (an "Optionee"). As at the date of this Circular, there were 8,820,000 Options outstanding.

Material Terms of the Plan

The following is a summary of the material terms of the New Plan:

- (a) Persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of Options under the New Plan;
- (b) Options granted under the New Plan are non-assignable and non-transferable and are issuable for a period of up to 10 years;
- (c) For Options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) An Option granted to directors and officers will expire 90 days and to all others will expire 30 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- (e) If an Optionee dies, any vested Option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;

- (f) In the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) The exercise price of each Option will be set by the Board on the effective date of the Option and will not be less than the Discounted Market Price (as defined in the New Plan);
- (h) Vesting of Options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a director of the Company or its affiliates during the vesting period;
- (i) Vesting of Options granted to Investor Relations Service Providers (as defined in the New Plan), must vest (i) period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or (ii) such longer vesting periods as the Board may determine; and
- (i) The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the New Plan with respect to all Plan shares in respect of Options which have not yet been granted under the New Plan.

In addition, the following is a brief summary of the material terms of the New Plan pursuant to the Policy:

- (a) Disinterested Shareholder Approval, as defined below, will be required, among other things, for (i) the aggregate number of common shares reserved for issuance to Insiders at any time exceeding 10% of the Outstanding Shares, (ii) the aggregate number of common shares reserved for issuance to Insiders (as a group) within a one-year period exceeding 10% of the Outstanding Shares, calculated at the time of grant, (iii) the aggregate number of common shares reserved for issuance to any one Optionee, within a 12-month period, of a number of common shares exceeding 5% of the Outstanding Shares, calculated at the time of grant, (iv) any reduction in the exercise price of an Option granted to an Insider, (v) any amendment to the Plan that would result in a benefit to an Insider, and (vi) any extension of an Option granted to individuals that are Insiders at the time of the proposed amendment;
- (b) Shareholder approval is required for amendments to the Plan where such amendment would amend the (i) Service Providers who may be granted Options under the Plan, (ii) method for determining the exercise price of an Option, (iii) maximum term of an Option, (iv) expiry and termination provisions relating to the Options under the Plan, (v) limitations under the Plan on the number of Options that may be granted to any one person or category of persons, including insiders, as set out in the Plan, (vi) maximum number or percentage, as the case may be, of shares that may be reserved under the Plan for issuance pursuant to the exercise of the Options, or (vi) the Plan to include a Net Exercise provision (as defined in the TSXV Policy); and
- (c) Any adjustment made to an Option granted or issued (except in relation to a consolidation or share split) is subject to the prior acceptance of the TSXV.

“Disinterested Shareholder Approval” means the approval by a majority of the votes cast by all shareholders of a company at a duly constituted shareholders' meeting, excluding votes attached to those shares that are beneficially owned by insiders who are Service Providers or their associates.

Shareholder Approval and Exchange Acceptance

The New Plan is subject to the acceptance by the shareholders of the Company and final approval by the TSXV. At the Meeting, shareholders will be asked to consider and vote on the ordinary resolution to approve the New Plan, with or without variation, as follows:

“UPON MOTION DULY MADE IT WAS RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. Subject to the final acceptance by the TSX Venture Exchange (“**Exchange**”), the Company’s new 10% rolling stock option plan (the “**New Plan**”) dated September 13, 2022 be ratified, confirmed and approved, subject to any amendments that may be required by any applicable stock exchange or regulatory authority, as the directors of the Company may deem necessary or advisable.
2. To the extent permitted by law, the Company be authorized to abandon all or any part of the New Plan if the directors of the Company deem it appropriate and in the best interests of the Company to do so.
3. Any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to these resolutions.”

The Board recommends that shareholders vote in favour of the New Plan. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing ordinary resolution.

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

A copy of the New Plan will be available for inspection at the Company’s registered and records offices at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6, and will also be available for viewing at the Meeting.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for the financial year ended December 31, 2021 and in the related management discussion and analysis (together, the “**Financial Statements**”). The Financial Statements were filed on SEDAR on May 2, 2022, at www.sedar.com and will be placed before the Meeting.

Additional information relating to the Company and a copy of the Financial Statements may be obtained at www.sedar.com, and upon request from the Company at Suite 400 – 1681 Chestnut Street, Vancouver, BC, V6J 4M6, telephone: (604) 737-2303 or fax: (604) 737-1140. Copies of the above documents will be provided, upon request, free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Circular.