



**NORTHERNSHIELD**  
RESOURCES INC.

**NORTHERN SHIELD RESOURCES INC.**

**Notice of Meeting and**

**Information Circular**

**in respect of an**

**ANNUAL MEETING OF SHAREHOLDERS**

**to be held on June 30, 2020 at 2:00 p.m. (Ottawa time)  
at Suite 500, 55 Metcalfe Street, Ottawa, ON**

**As a result of the ongoing public health emergency due to the Coronavirus declared by the Province of Ontario under the *Emergency Management and Civil Protection Act* (Ontario) on March 17, 2020 and the March 28, 2020 order issued under such Act prohibiting gatherings of more than 5 persons, shareholders are strongly discouraged from attending the Meeting for the health and safety of the Corporation's personnel and its shareholders and to comply with such order. As such, the Meeting will be very short with no business update provided and attendance restricted. Shareholders are encouraged to vote in advance of the Meeting by completing a proxy or voting instruction form.**

**May 22, 2020**



## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that an Annual Meeting of the shareholders (the "Meeting") of Northern Shield Resources Inc. (the "Corporation") will be held at Suite 500, 55 Metcalfe Street, Ottawa, Ontario, K1P 6L5 at 2:00 p.m. (Ottawa time) on June 30, 2020 for the following purposes:

- 1 To receive the Financial Statements of the Corporation for the year ended December 31, 2019 together with the report of the auditors thereon.
- 2 To elect directors of the Corporation for the ensuing year, as described in the Information Circular accompanying this Notice.
- 3 To appoint auditors of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditors' remuneration, as described in the Information Circular accompanying this Notice.
- 4 To consider and, if thought fit, to pass an ordinary resolution approving the Corporation's existing stock option plan, as described in the Information Circular accompanying this Notice.
- 5 To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

**As a result of the ongoing public health emergency due to the Coronavirus declared by the Province of Ontario under the *Emergency Management and Civil Protection Act (Ontario)* on March 17, 2020 and the March 28, 2020 order issued under such Act prohibiting gatherings of more than 5 persons, shareholders are strongly discouraged from attending the Meeting for the health and safety of the Corporation's personnel and its shareholders and to comply with such order. As such, the Meeting will be very short with no business update provided and attendance restricted on a first come first serve basis. Shareholders are encouraged to vote in advance of the Meeting.**

The Corporation in particular asks that shareholders not attend the meeting in person if experiencing any of the symptoms associated with COVID-19 within the 14 days prior to the Meeting. The Corporation is monitoring developments related to COVID-19. In the event the Corporation decides that any further restrictions regarding the Meeting or changes to the date, time, location or format are necessary or appropriate due to difficulties arising from COVID-19, the Corporation will promptly notify Shareholders of the change by issuing a news release, a copy of which will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

Shareholders who do not attend the Meeting are invited to dial-in to listen to the Meeting at the number set forth below, toll-free, by 2:00 p.m. on June 30, 2020. **Dialing-in to the Meeting as provided for herein shall not constitute attendance at the Meeting and shareholders who dial-in will not be entitled to vote or otherwise participate in any formal procedures at the Meeting.**

**Conference Call Dial-in: (866) 225-1342**

**Conference Call Code: 4032687088**

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please date and sign the enclosed form of proxy and deliver or mail it in the enclosed envelope to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, facsimile (416) 263-9524 or (866) 249-7775 (toll free). In order to be valid and acted upon at the Meeting or any adjournment thereof, proxies must be received at the aforesaid address not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the time of the Meeting or any adjournment thereof.

If you are an *unregistered shareholder* of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form provided in accordance with the instructions provided therein.

**Only registered shareholders as at May 26, 2020 and their duly appointed proxyholders will be entitled to vote at the Meeting.**

DATED at Ottawa, Ontario this 22<sup>nd</sup> day of May, 2020

By Order of the Board of Directors

(signed) "*Ian C. Bliss*"

Ian C. Bliss

President and Chief Executive Officer



**NORTHERN SHIELD RESOURCES INC.**

**INFORMATION CIRCULAR**

**THIS INFORMATION CIRCULAR (THE "INFORMATION CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF NORTHERN SHIELD RESOURCES INC.** (the "Corporation" or "Northern") for use at the Annual Meeting of the shareholders of the Corporation (the "Meeting") to be held on June 30, 2020 at 2:00 p.m. (Ottawa time) at the place and for the purposes set out in the accompanying Notice of Meeting.

**As a result of the ongoing public health emergency due to the Coronavirus declared by the Province of Ontario under the *Emergency Management and Civil Protection Act (Ontario)* on March 17, 2020 and the March 28, 2020 order issued under such Act prohibiting gatherings of more than 5 persons, shareholders are strongly discouraged from attending the Meeting for the health and safety of the Corporation's personnel and its shareholders and to comply with such order. As such, the Meeting will be very short with no business update provided and attendance restricted on a first come first serve basis. Shareholders are encouraged to vote in advance of the Meeting.**

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Shareholders who do not attend the Meeting are invited to dial-in to listen to the Meeting at the number set forth below, toll-free, by 2:00 p.m. on June 30, 2020. **Dialing-in to the Meeting as provided for herein shall not constitute attendance at the Meeting and shareholders who dial-in will not be entitled to vote or otherwise participate in any formal procedures at the Meeting.**

**Conference Call Dial-in: (866) 225-1342**

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As a *registered shareholder* you are requested to date, complete and sign the accompanying instrument of proxy enclosed herewith and return the same to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, facsimile (416) 263-9524 or (866) 249-7775 (toll free). If you are an *unregistered shareholder* and receive these materials through your broker or through another intermediary, please complete and return the instrument of proxy or voting instruction form in accordance with the instructions provided therein.

The solicitation of proxies is intended to be primarily by mail but may also be made by telephone, facsimile transmission or other electronic means of communication or in person by the directors and officers of the Corporation. The cost of such solicitation will be borne by the Corporation. Except where otherwise stated, the information contained herein is given as of the 22<sup>nd</sup> day of May, 2020.

## GENERAL

### Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy are officers and directors of the Corporation. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT SUCH SHAREHOLDER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** Such a shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the shareholder's shares are to be voted. In any case, the form of proxy should be dated and executed by the shareholder or the shareholder's attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

A proxy will not be valid for the Meeting or any adjournment thereof unless the completed form of proxy is delivered to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, facsimile (416) 263-9524 or (866) 249-7775 (toll free), not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof. The Chairman of the Meeting has the authority to accept late or incomplete proxies in his sole and unfettered discretion.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it at any time before it is exercised, by instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

### Voting of Proxies

The persons named in the enclosed form of proxy have indicated their willingness to represent, as proxyholders, the shareholders who appoint them. Each shareholder may instruct its proxyholder how to vote the shareholder's shares by completing the form of proxy.

Shares represented by properly executed proxy forms in favour of the persons designated in the enclosed proxy form will be voted or withheld from voting on any poll in accordance with instructions made on the proxy forms and, if a shareholder specifies a choice as to any matters to be acted on, such shareholder's shares shall be voted accordingly. In the absence of such instructions, such shares **WILL BE VOTED IN FAVOUR OF ALL MATTERS IDENTIFIED IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. At the time of printing this Information Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

### Advice to Beneficial Shareholders

**The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not own shares in their own name.** Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares ("Common Shares") can be recognized and acted upon at the Meeting. 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 Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such

shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., a wholly-owned subsidiary of The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("BFSI"). BFSI typically asks Beneficial Shareholders to return proxy or voting instruction forms to BFSI. BFSI then tabulates the results of all instructions received and provides appropriate instructions respecting voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a BFSI proxy or voting instruction form cannot use that proxy or voting instruction form to vote Common Shares directly at the Meeting - the BFSI proxy or voting instruction form must be returned to BFSI well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of a broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own name in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting. **However, as previously stated, as a result of the ongoing public health emergency due to the Coronavirus, shareholders are strongly discouraged from attending the Meeting and are encouraged to vote in advance of the Meeting.**

### **Record Date, Voting Shares and Principal Holders Thereof**

The Corporation has set the close of business on May 26, 2020 as the record date for the Meeting. The Corporation will prepare a list of shareholders of record at such time. Holders of Common Shares of the Corporation named on that list will be entitled to vote the Common Shares then registered in their name at the Meeting.

As at May 22, 2020, the Corporation's issued and outstanding voting shares consisted of 255,024,254 Common Shares. Holders of Common Shares are entitled to one vote for each Common Share held on all matters to be considered and acted upon at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Corporation, no person, firm or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

## **EXECUTIVE COMPENSATION AND REMUNERATION OF DIRECTORS**

### **Compensation Discussion and Analysis**

#### ***Introduction***

The purpose of this Compensation Discussion and Analysis ("CD&A") is to provide information about the Corporation's philosophy, objectives and processes regarding compensation for the President

and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") (each a "Named Executive Officer" or a "NEO" and collectively, the "Named Executive Officers" or "NEOs"). It explains how decisions regarding executive compensation are made and the reasoning behind these decisions and discusses the key elements of the Corporation's compensation program.

For the period ending December 31, 2019, the Corporation had the following Named Executive Officers:

- Ian C. Bliss – President and CEO; and
- Samuel Legg – CFO

### **Compensation Governance**

To assist the board of directors of the Corporation (the "Board" or "Board of Directors") in fulfilling its oversight responsibilities with respect to human resources policies and compensation, the Board established a Compensation Committee in 2006. The Compensation Committee is currently comprised of Marcus W. Archer (Chair), Donald Bubar and Russell M. Richards. Composition of the compensation committee, including the number of members, is subject to review by the board, and additional members may be added from time to time, if and when appropriate and willing candidates are identified. Mr. Archer, who is a partner at a law firm that provides legal services to the Corporation is not "independent". Russell M. Richards and Donald Bubar are both "independent" within the meaning of that term under National Policy 58-201 - *Corporate Governance Guidelines* ("NI 58-201").

Mr. Archer has advised numerous clients on executive compensation programs and has expertise in risk management through his role as legal counsel.

Mr. Richards has been an advisor for over 15 years to private equity ownership groups regarding the management of over 25 portfolio companies.

Mr. Bubar is CEO of a publicly listed junior mining company and is currently an advisor or director of several more mining related companies and committees. As a result, Mr. Bubar is well experienced in risk management and compensation programs as it pertains to junior mining companies.

The Compensation Committee's mandate is to: (a) review and recommend for approval by the Board, the Corporation's key human resources policies; (b) review and recommend for approval by the Board, the executive compensation philosophy and remuneration policy for the Corporation; (c) review and recommend for approval by the Board, employment agreements relating to the CEO, CFO and any other executive officers; (d) evaluate annually the performance of the CEO, CFO and any other executive officers and recommend for approval by the Board the annual compensation package and performance objectives for such executives; (e) annually determine and recommend to the Board any bonuses to be paid; (f) review and recommend to the Board any significant changes to the overall compensation program; (g) review the adequacy and form of compensation of directors periodically to determine if the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly; (h) review the grants of options to purchase shares of the Corporation, at the request of the Board; and (i) perform any other activities consistent with its mandate, the Corporation's by-laws and governing laws as the Compensation Committee or the Board deems necessary or appropriate.

The Compensation Committee has the authority to engage its own outside consultants and advisors, including independent counsel; however, to date no such consultants or counsel have been engaged.

The Board believes that the Compensation Committee has the knowledge, experience and background required to fulfil its mandate.

### ***The elements of the Corporation's compensation program***

The Corporation's compensation program consists of two principal elements, a base salary and options granted under the Corporation's stock option plan (the "Option Plan"). In exceptional circumstances, cash bonuses may be paid. No cash bonuses have been paid to NEOs in respect of the last five fiscal years.

### ***The objective of the Corporation's compensation program***

The objective of the Corporation's compensation program is to attract and retain highly qualified and committed senior management by providing appropriate compensation and incentives intended to align the interests of senior management with those of the Corporation's shareholders in order to provide incentives for senior management to enhance shareholder value.

### ***What the Corporation's compensation program is designed to reward***

The Corporation's compensation program is designed to reward senior management for achieving the Corporation's business objectives as well as increases in shareholder value resulting from increases in the trading price of the Common Shares due to increased value or potential value in the Corporation's mining properties and prospects.

### ***Why the Corporation chooses to pay each element of its compensation program***

The Corporation pays a base salary as part of its compensation program to: (i) provide each NEO with sufficient, regularly-paid income; (ii) recognize each NEO's unique value and historical contribution to the success of the Corporation; and (iii) reflect each NEO's position and level of responsibility.

The Corporation grants options as part of its compensation program in order to: (i) align each NEO's interests with the interests of the Corporation's shareholders; (ii) reward long-term performance by allowing NEOs to participate in any long-term market appreciation of the Corporation's shares; and (iii) ensure the Corporation is competitive with its comparable industry peers from a total remuneration standpoint and to encourage executive officer retention, commitment and focus on long-term growth.

As noted above, the Corporation may pay cash bonuses to NEOs in exceptional circumstances; however, no cash bonuses have been paid to NEOs in the respect of the last five fiscal years.

### ***How the Corporation determines the amount for each element and how each element affects decisions about other elements and fits into the Corporation's overall compensation objectives***

The Board determines the amount of each element of the Corporation's compensation program for NEOs based on formal or informal recommendations of, or input from, the Compensation Committee. The two principal elements of the compensation program are determined and affect decisions about other elements and fit into the Corporation's overall compensation strategy, as described below.

#### **Base Salaries**

In making recommendations or providing input regarding base salaries to the Board, the Compensation Committee considers some or all of the following factors: (i) the overall performance of the Corporation and the particular NEO; (ii) base salaries and overall compensation paid to senior management of comparable industry peers (without specific benchmarking); (iii) the relationship among base salaries paid within the Corporation and individual experience and contribution; (iv) general market conditions and the Corporation's financial condition; (v) other compensation received by the NEO; and (vi) competition for qualified personnel. The intent is to fix base salaries at levels that are consistent with the Corporation's compensation program objective. The compensation of the CFO was increased by \$5,500 per year in 2020 largely to take into account inflation since the last compensation change in 2016. No salary or compensation changes were made in 2019.

### Stock Options

In making recommendations or providing input regarding stock options to the Board, the Compensation Committee considers some or all of the following factors: (i) the overall performance of the Corporation and the particular NEO; (ii) the relationship among stock options granted within the Corporation and individual experience and contribution; (iii) general market conditions and the Corporation's financial condition and Common Share trading price; and (iv) the aggregate number of options outstanding and the number of options currently held by the particular NEO and the terms thereof. The intent is to fix stock option grants at levels that are consistent with the Corporation's compensation program objective. The Board also considers the number of options available for grant in determining whether to make any new grants of stock options and the size of such grants. The Corporation utilizes IFRS 2 - *Share Based Payment* in establishing the fair value of option grants.

For more information with respect to the Option Plan, see "Incentive Plan Awards - Description of the Option Plan" below.

The Corporation's executive compensation is not determined by reference to any formulas or any set performance goals or similar conditions. The Compensation Committee and the Board believe that fixed formulas can lead to an unwanted result that does not reflect real performance. Accordingly, an overall review of the NEO's performance and contributions is preferred.

### ***Hedging Activities***

Although the Corporation has no formal hedging policy in place with respect to purchases of securities by NEOs or directors designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such individuals, to the Corporation's knowledge, no NEO or director has hedged the economic value of his direct or indirect interests in the market value of the Common Shares so held or granted as compensation.

### ***Risk Assessment and Oversight***

The Board is keenly aware of the fact that compensation practices can have unintended risk consequences. The Board will continually review the Corporation's compensation policies to identify any practice that might encourage an employee to expose the Corporation to unacceptable risks. At the present time, the Board is satisfied that the current executive compensation program does not encourage the Corporation's executives to expose the business to inappropriate risk. The Board takes a conservative approach to executive compensation rewarding individuals for the success of the Corporation once that success has been demonstrated and incenting them to continue that success through the grant of long-term incentive awards. In addition, the Option Plan limits the number of options a particular NEO is entitled to receive.

### **Summary Compensation Table**

The following table sets forth information respecting the total compensation paid to the Named Executive Officers for the last three fiscal years:

| Name and Principal Position                    | Year | Salary (\$) | Share-based Awards (\$) | Option-based Awards (\$) | Non-equity incentive Plan Compensation (\$) |                           | Pension Value (\$) | All Other Compensation <sup>(2)</sup> (\$) | Total Compensation (\$) |
|--|------|-------------|-------------------------|--------------------------|---|---------------------------|--------------------|--|-------------------------|
|  |      |             |                         |                          | Annual Incentive Plans                      | Long-term Incentive Plans |                    |  |                         |
| Ian C. Bliss<br>President & CEO <sup>(1)</sup> | 2019 | 175,422     | Nil                     | 34,500                   | Nil   | Nil                       | Nil                | Nil  | 209,922                 |
|  | 2018 | 175,424     | Nil                     | Nil                      | Nil   | Nil                       | Nil                | Nil  | 175,424                 |
|  | 2017 | 175,422     | Nil                     | 40,375                   | Nil   | Nil                       | Nil                | Nil  | 215,797                 |
| Samuel Legg<br>CFO <sup>(3)</sup>              | 2019 | 54,000      | Nil                     | 20,700                   | Nil   | Nil                       | Nil                | Nil  | 74,700                  |
|  | 2018 | 54,000      | Nil                     | Nil                      | Nil   | Nil                       | Nil                | Nil  | 54,000                  |
|  | 2017 | 54,000      | Nil                     | 26,125                   | Nil   | Nil                       | Nil                | Nil  | 80,125                  |

**Notes:**

- (1) Mr. Bliss received no additional compensation in connection with his role as a director of the Corporation.
- (2) Minor perquisites, such as parking, were received that are not required to be quantified in the table.
- (3) Mr. Legg is not employed by the Corporation and provides services to the Corporation as a consultant.

**Incentive Plan Awards**

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

The following table sets forth all awards outstanding at December 31, 2019 made to the Named Executive Officers pursuant to the Option Plan (see "Description of the Option Plan" below):

| Name                            | Grant Date    | Option Based Awards   |                            |                        |   | Share-Based Awards <sup>(3)</sup>                        |   |   |
|---------------------------------|---------------|---|----------------------------|------------------------|---|--|---|---|
|                                 |               | Number of Common Shares Underlying Unexercised Options (#) <sup>(1)</sup> | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised in-the-money Options <sup>(2)</sup> (\$) | Number of Shares or units of Shares that have not Vested | Market or Payout Value of Share-based Awards that have not Vested | Market or Payout Value of Vested Share-based Awards not paid out or distributed |
| Ian C. Bliss<br>President & CEO | June 26, 2019 | 500,000   | \$0.10                     | June 26, 2024          | Nil   | N/A  | N/A   | N/A   |
|                                 | June 30, 2017 | 850,000   | \$0.10                     | June 30, 2022          |   |  |   |   |
|                                 | June 10, 2016 | 1,900,000   | \$0.16                     | June 10, 2021          |   |  |   |   |
| Samuel Legg<br>CFO              | June 26, 2019 | 300,000   | \$0.10                     | June 26, 2024          | Nil   | N/A  | N/A   | N/A   |
|                                 | June 30, 2017 | 550,000   | \$0.10                     | June 30, 2022          |   |  |   |   |
|                                 | June 10, 2016 | 350,000   | \$0.16                     | June 10, 2021          |   |  |   |   |

**Notes:**

- (1) Options expire five years from the date of grant.
- (2) Based on the December 31, 2019 closing trading price of the Common Shares of \$0.09 per Common Share.
- (3) Neither Messrs. Bliss nor Legg have any share-based awards outstanding.

***Description of the Option Plan***

The Corporation has an Option Plan pursuant to which the Board may, from time to time, grant options to directors, officers, employees and consultants of the Corporation. The number of Common Shares granted under each option and the vesting terms thereof are in the discretion of the Board. Options granted under the Plan must have a term of no more than five years from the date of grant. The exercise price of each option granted under the Plan is in the discretion of the Board, provided that the exercise price cannot be below the closing price of the Common Shares on the TSX Venture Exchange (the "Exchange") on the last trading day before the date of grant. Any outstanding options granted under the Plan expire on a date not exceeding 90 days following the date that the holder ceases to be an officer, director, employee or consultant of the Corporation, as the case may be, except in the case of death in which case the options expire one year from the date of death. Options granted under the Plan are non-assignable and non-transferable. Outstanding options granted under the Plan may be adjusted in certain events, as to exercise price (subject to disinterested shareholder approval prior to any reduction to the exercise price if the affected

optionee is an insider (as defined in the *Securities Act* (Alberta)) of the Corporation at the time of the proposed amendment) and number of Common Shares, to prevent dilution or enlargement. The number of Common Shares that may be optioned under the Plan is limited to 10% of the outstanding Common Shares from time to time; provided, that any one participant under the Option Plan shall not be entitled to receive options to acquire an aggregate of greater than 5% (2% in the case of consultants) of the outstanding Common Shares in any 12 month period.

As of December 31, 2019, 16,150,000 Common Shares (representing approximately 6.4% of the issued and outstanding Common Shares as at such date) were reserved for issuance pursuant to Options granted under the Plan.

### ***Value of Vested or Earned Option-Based Awards or Share-Based Awards During the Year***

The following table sets forth information with respect to the value of awards granted to Named Executive Officers pursuant to the Option Plan that vested during the year ended December 31, 2019 and bonuses paid to Named Executive Officers in respect of achievements attained over the same period.

| <b>Name</b>                     | <b>Option-Based Awards – Value Vested During the Year<sup>(1)</sup> (\$)</b> | <b>Share-based Awards – Value Vested During the Year<sup>(2)</sup> (\$)</b> | <b>Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)</b> |
|---------------------------------|--|---|---|
| Ian C. Bliss<br>President & CEO | Nil  | N/A   | Nil   |
| Samuel Legg<br>CFO              | Nil  | N/A   | Nil   |

**Notes:**

- (1) The values noted represent the value that would have been realized by the NEO if options had been exercised on the vesting date. Where the share price on the vesting date was lower than the exercise price of the grant, a nil value is noted. Value vested is calculated by subtracting the exercise price of the option from the closing price of the Common Shares on the Exchange and multiplying that amount by the number of Common Shares underlying the options. None of the option-based awards vested during 2019 have been exercised by the NEOs. The value of these awards, based on a closing price of the Common Shares on the Exchange on December 31, 2019 is \$0.
- (2) Neither Messrs. Bliss nor Legg have any share-based awards.

### **Executive Employment Agreements**

Of the NEOs, Only Mr. Bliss has an employment agreement with the Corporation, which provides for a severance payment in the event of the NEOs termination without cause. Mr. Bliss' severance payment is equal to 12 month's base salary plus an additional 1-month of base salary for each year of service.

The table below shows the amount of severance that would have been payable to each of the NEOs had they been terminated without cause on December 31, 2019.

| <b>NEO</b>   | <b>Hypothetical Severance Payment</b> |
|--------------|---------------------------------------|
| Ian C. Bliss | \$ 350,844                            |
| Samuel Legg  | Nil                                   |

### **Director Compensation**

Director compensation for the Corporation's financial year ended December 31, 2019 was comprised of stock options under the Option Plan. Executive officers of the Corporation who also act as directors of the Corporation do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such executive officers in their capacity as executive officers.

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

The following table sets forth all awards outstanding at December 31, 2019 made to the directors pursuant to the Option Plan:

| Name                            | Grant Date    | Option Based Awards   |                            |                        |   | Share-Based Awards <sup>(3)</sup>                        |   |   |
|---------------------------------|---------------|---|----------------------------|------------------------|---|--|---|---|
|                                 |               | Number of Common Shares Underlying Unexercised Options <sup>(1)</sup> (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised in-the-money Options <sup>(2)</sup> (\$) | Number of Shares or units of Shares that have not Vested | Market or Payout Value of Share-based Awards that have not Vested | Market or Payout Value of Vested Share-based Awards not paid out or distributed |
| Marcus Archer                   | June 26, 2019 | 400,000   | \$0.10                     | June 26, 2024          | Nil   | N/A  | N/A   | N/A   |
|                                 | June 30, 2017 | 500,000   | \$0.10                     | June 30, 2022          |   |  |   |   |
|                                 | June 10, 2016 | 750,000   | \$0.16                     | June 10, 2021          |   |  |   |   |
| Scott Jobin-Bevans              | June 26, 2019 | 400,000   | \$0.10                     | June 26, 2024          | Nil   | N/A  | N/A   | N/A   |
|                                 | June 30, 2017 | 350,000   | \$0.10                     | June 30, 2022          |   |  |   |   |
|                                 | June 10, 2016 | 750,000   | \$0.16                     | June 10, 2021          |   |  |   |   |
| Russell M. Richards (Chairman)  | June 26, 2019 | 800,000   | \$0.10                     | June 26, 2024          | Nil   | N/A  | N/A   | N/A   |
|                                 | June 30, 2017 | 475,000   | \$0.10                     | June 30, 2022          |   |  |   |   |
|                                 | July 14, 2016 | 350,000   | \$0.17                     | July 14, 2021          |   |  |   |   |
| Donald Bubar <sup>(4)</sup>     | June 26, 2019 | 400,000   | \$0.10                     | June 26, 2024          | Nil   | N/A  | N/A   | N/A   |
| Frank Santaguida <sup>(5)</sup> | N/A           | N/A   | N/A                        | N/A                    | N/A   | N/A  | N/A   | N/A   |

**Notes:**

- (1) Options expire five years from the date of grant and vest on the day of grant.
- (2) Based on the December 31, 2019 closing trading price of the Common Shares of \$0.09 per Common Share.
- (3) None of the non-employee directors have any share-based awards.
- (4) Mr. Bubar was elected as a director at the last annual meeting of Shareholders on June 25, 2019.
- (5) Mr. Santaguida did not stand for re-election at the last annual meeting of Shareholders and ceased being a director on June 25, 2019. Mr. Santaguida did not receive any compensation in the fiscal year ended December 31, 2019 for his role as a director of the Corporation.

### Value of Vested or Earned Option-Based Awards or Share-Based Awards During the Year

The following table sets forth information with respect to the value of awards granted to non-employee directors pursuant to the Option Plan that vested during the year ended December 31, 2019.

| Name                            | Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$) | Share-based Awards – Value Vested During the Year <sup>(2)</sup> (\$) | Non-equity Incentive Plan Compensation – Value Earned During the Year (\$) |
|---------------------------------|--|---|--|
| Marcus Archer                   | Nil  | N/A   | Nil  |
| Scott Jobin-Bevans              | Nil  | N/A   | Nil  |
| Russell M. Richards             | Nil  | N/A   | Nil  |
| Donald Bubar <sup>(3)</sup>     | Nil  | N/A   | Nil  |
| Frank Santaguida <sup>(4)</sup> | Nil  | N/A   | Nil  |

**Notes:**

- (1) The values noted represent the value that would have been realized by the director if options had been exercised on the vesting date. Where the share price on the vesting date was lower than the exercise price of the grant, a zero value is noted. Value vested is calculated by subtracting the exercise price of the option from the closing price of the Common Shares on the Exchange and multiplying that amount by the number of Common Shares underlying the options. None of the option-based awards vested during 2017 have been exercised by the directors. The value of these awards, based on a closing price of the Common Shares on the Exchange on December 31, 2019, is \$0.
- (2) None of the non-employee directors have any share-based awards.

- (3) Mr. Bubar was elected as a director at the last annual meeting of Shareholders on June 25, 2019.
- (4) Mr. Santaguida did not stand for re-election at the last annual meeting of Shareholders and ceased being a director on June 25, 2019.

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

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding Options issued pursuant to equity compensation plans, the weighted average exercise price of such outstanding Options and the number of Common Shares remaining available for future issuance under equity compensation plans of the Corporation as of December 31, 2019.

| Plan Category   | Number of Common Shares to be issued upon exercise of outstanding options | Weighted-average exercise price of outstanding options | Number of Common Shares remaining available for future issuance under equity compensation plans (excluding Common Shares reflected in the first column) <sup>(1)</sup> |
|---|---|--|--|
| Equity compensation plans approved by securityholders     | 16,150,000  | \$0.13   | 8,989,092  |
| Equity compensation plans not approved by securityholders | Nil   | N/A  | N/A  |
| Total   | 16,150,000  | \$0.13   | 8,989,092  |

**Note:**

(1) Based on the number of Common Shares outstanding on December 31, 2019.

**INTEREST OF MANAGEMENT AND OTHERS IN MATTERS TO BE ACTED UPON**

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director, director nominee or officer of the Corporation or any associate or affiliate of such person in any matter to be acted upon at the Meeting other than the election of directors.

**INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management of the Corporation is not aware of any material interest, direct or indirect, of any director, director nominee or officer of the Corporation, any person beneficially owning, directly or indirectly, more than 10% of the Corporation's voting securities, or any associate or affiliate of such person in any transaction within the last financial year or in any proposed transaction which in either case has materially affected or will materially affect the Corporation.

**INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

None of the directors or senior officers of the Corporation, nominees for election as directors or associates or affiliates of such persons have been indebted to the Corporation at any time during the 2019 fiscal year.

**AUDIT COMMITTEE**

**Audit Committee Charter**

The charter adopted by the Corporation's Audit Committee is attached as Schedule "A" hereto.

**Composition of the Audit Committee**

The Corporation's Audit Committee is currently comprised of Russell M. Richards (Chair), Dr. Scott Jobin-Bevans and Marcus Archer. Each of Mr. Richards, Dr. Jobin-Bevans and Mr. Archer are "financially literate", as defined by National Instrument 52-110 – *Audit Committees* ("NI 52-110"), and Mr. Richards and Dr. Jobin-Bevans are "independent", as defined by NI 52-110. Mr. Archer, who is a partner at a law firm

that provides legal services to the Corporation, is not "independent" within the meaning of NI 52-110. For the relevant experience of each Audit Committee member or proposed Audit Committee member, see their principal occupations for the last five years under "Election of Directors".

### Audit Fees

Set forth below is a summary of the total fees paid to the external auditor of the Corporation for fiscal 2018 and 2019:

|                               | <u>2018</u>     | <u>2019</u>     |
|-------------------------------|-----------------|-----------------|
| Audit fees                    | \$23,000        | \$25,000        |
| Audit related fees            | -               | -               |
| Tax fees <sup>(1)</sup>       | 5,500           | 8,500           |
| All other fees <sup>(2)</sup> | 460             | 305             |
| Total                         | <u>\$28,960</u> | <u>\$33,805</u> |

**Notes:**

(1) Preparation of tax returns.

(2) Canadian Public Accountability Board fee.

### Exemption

The Corporation is a "venture issuer" as defined in NI 52-110 and is relying on the exemption set forth in Section 6.1 of NI 52-110, which exempts it from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation's Board of Directors is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of its shareholders but also promotes effective decision making at the Board level. The Board is of the view that its approach to corporate governance is appropriate for the size of the Corporation and its present stage of development. Schedule "B" to this Information Circular sets forth the corporate governance disclosure required to be made by the Corporation herein pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, which disclosure is made as of May 22, 2020.

## BUSINESS OF THE ANNUAL AND SPECIAL MEETING

### Receipt of the Financial Statements and Auditors' Report

The financial statements of the Corporation for the year ended December 31, 2019 and the auditors' report thereon will be placed before the shareholders at the Meeting.

Under securities legislation, the Corporation is required to send annually a request form to the registered holders and beneficial owners of its securities, other than debt instruments, that the registered holders and beneficial owners may use to request a hard copy of the Corporation's annual financial statements and related management's discussion and analysis ("MD&A") and/or the Corporation's interim financial statements and related MD&A. Shareholders who wish to receive a hard copy of the Corporation's annual financial statements and related MD&A and/or the Corporation's interim financial statements and related MD&A are encouraged to send the enclosed return card to Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, facsimile (416) 263-9524 or (866) 249-7775 (toll free).

### Election of Directors

At present, the Board of Directors may consist of a minimum of 3 and a maximum of 9 directors. The Board of Directors has fixed the number of persons to be elected as directors at the Meeting at five.

Management does not contemplate that any of the nominees will be unable to serve as a director but, if, prior to the Meeting, any vacancies occur in the proposed nominees herein presented, the proxies shall not be voted with respect to such vacancies.

The following table sets forth, for each of the persons proposed to be nominated for election as directors, all positions and offices with the Corporation now held by them, their principal occupations during the preceding five years, the periods during which they have served as directors of the Corporation and its predecessor, and the number of voting shares of the Corporation beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction, as of May 22, 2020. Each director elected will hold office until the close of the next annual meeting of shareholders, or until his successor is duly elected or appointed.

| Name, Place of Residence and Position with the Corporation  | Principal Occupation For the Past Five Years   | Director Since      | Number of Voting Shares |
|---|--|---------------------|-------------------------|
| Ian C. Bliss <sup>(4)</sup><br>Ottawa, Ontario<br>President, Chief Executive Officer and Director | President and Chief Executive Officer of the Corporation since May 30, 2003 and of the Corporation's predecessor since December 1999. From 2013 to 2016 Mr. Bliss was also a director of Nouveau Monde Mining Enterprises.   | 1999 <sup>(1)</sup> | 5,989,407               |
| Marcus W. Archer <sup>(2)(3)</sup><br>Calgary, Alberta<br>Director                                | Partner practicing corporate and securities law at Norton Rose Fulbright Canada LLP and a director and/or corporate secretary of certain private companies.  | 2012                | Nil                     |
| Dr. Scott Jobin-Bevans <sup>(2)(4)</sup><br>Santiago, Chile<br>Director                           | Currently, President and CEO (Director/Co-Founder) of Caracle Creek International Consulting Inc., a private geological and geophysical consulting company. Currently a Director of Vision Lithium Inc., International Prospect Ventures Ltd. (also VP Exploration), Stroud Resources Ltd. (also Interim CEO), Nubian Resources Ltd., and White Metal Resources Corp. (also VP Exploration). | 2013                | Nil                     |
| Russell M. Richards <sup>(2)(3)</sup><br>Atlanta, Georgia, USA<br>Director                        | Currently serves as the Chief Information Officer for Allstar Financial Group, Inc., a private insurance firm, and the Managing Member of Torii Gate Ventures, LLC. Mr. Richards was previously the Vice President of Quest Capital Corp., a private investment company.   | 2016                | 20,000,000              |
| Don Bubar <sup>(3)(4)</sup><br>Toronto, Ontario<br>Director                                       | Since 1995, President and CEO of Avalon Advanced Materials Inc. (formerly Avalon Rare Metals Inc.), a mineral development company with a primary focus on technology metals.   | 2019                | 1,117,000               |

**Notes:**

- (1) Includes term with the Corporation's predecessor.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Technical Committee.

Other than as set forth below, to the knowledge of the management of the Corporation, no director nominee is, at the date of this Information Circular, or has been, within ten years before the date of this Information Circular,

- (a) a director, chief executive officer or chief financial officer of any company (including the Corporation) that: (i) was subject to an order that was issued while the nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued while the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became 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 nominee.

For the purposes of section (a) above, the term "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

To the knowledge of management of the Corporation, no nominee has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to 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 director nominee.

Dr. Jobin-Bevans, served as a director of Strike Minerals Inc. ("Strike Minerals") from October 28, 2010 to February 3, 2014. On August 30, 2013, Strike Minerals announced that it was not able to file its annual financial statements and accompanying Management's Discussion and Analysis for the financial year ended April 30, 2013, within the period prescribed for such filings, primarily as a result of additional time required to secure financing and, subsequently, for its auditor to complete the audit. Given the situation, Strike Minerals made an application to the Ontario Securities Commission (the "OSC") for a management cease trade order (the "MCTO"), which MCTO was issued by the OSC September 19, 2013, and restricted all trading in securities of Strike Minerals by its management until the required filings were completed. On February 12, 2014, the OSC issued a temporary order that all trading in the securities of Strike Minerals cease for a period of 15 days pending a hearing to determine if all trading in the securities of Strike Minerals would cease permanently or for such period as may be specified in the order by reason of the continued default; and as of February 25, 2014, the temporary order lapsed and was replaced by an order that all trading in the securities of Strike Minerals cease until the order is revoked by the OSC. On February 12, 2014, the British Columbia Securities Commission (the "BCSC") issued an order similar to the cease trade order by the OSC; and on May 27, 2014, the Alberta Securities Commission (the "ASC") issued an order similar to the cease trade order by the OSC. As of the date of this Circular, the cease trade orders issued by the OSC, the BCSC and ASC against Strike Minerals have not been revoked or rescinded.

Shareholders have the option of voting their shares in favour of electing the nominees individually and may therefore vote in favour of all of them, vote in favour of some of them while withholding their votes for others, or withholding their votes for all of the nominees. The persons named in the enclosed form of proxy intend to vote FOR the election of each of the nominees. **The Board of Directors recommends that you vote FOR the election of each of the nominees.**

#### **Appointment of Auditors**

The Corporation's auditor is Davidson & Company LLP, Chartered Professional Accountants ("Davidson"). Davidson was first appointed as auditor of the Corporation on May 23, 2017.

At the Meeting, shareholders will be asked to vote for the appointment of Davidson LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as auditors of the Corporation until the close of the next annual general meeting, at such remuneration as may be approved by the Board of Directors of the Corporation.

To be effective, the resolution must be passed by at least a majority of the votes cast at the Meeting. The persons named in the enclosed form of proxy intend to vote FOR this resolution at the Meeting. **The Board of Directors recommends that you vote FOR the ordinary resolution approving Davidson as the auditor.**

### **Approval of Option Plan**

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve a resolution approving the Corporation's existing stock option plan. Annual shareholder approval of the Option Plan is required by the Exchange since it is a "rolling" stock option plan - i.e. - a stock option plan that does not reserve a specific number of shares for issuance, but, rather, reserves a percentage of the outstanding shares for issuance. The principal terms of the Option Plan are described in this Information Circular (see "Executive Compensation and Remuneration of Directors – Incentive Plan Awards - Description of the Option Plan"). The Option Plan was previously approved by shareholders at the annual meeting of shareholders held on June 25, 2019.

The following is the text of ordinary resolution to be considered and, if deemed fit, approved by shareholders at the Meeting:

"BE IT RESOLVED that:

- 1 The Corporation's existing stock option plan is hereby approved.
- 2 Any one officer or director of the Corporation is hereby authorized to execute and deliver all such documents and to do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."

To be effective, the resolution must be passed by at least a majority of the votes cast at the Meeting. The persons named in the enclosed form of proxy intend to vote FOR this resolution at the Meeting. **The Board of Directors recommends that you vote FOR the ordinary resolution approving the Option Plan.**

### **Other Business**

Management is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if any other matter properly comes before the Meeting, the accompanying form of proxy confers discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters that properly may come before the Meeting.

### **Submission Date for Shareholder Proposals**

The *Canada Business Corporations Act*, the general corporate statute that governs the Corporation, provides that the Corporation must receive shareholder proposals 90 days before the anniversary date of the notice of meeting that was sent to shareholders in connection with the previous annual meeting. To consider including a shareholder proposal in the management proxy circular and the proxy form for the 2020 Annual Meeting of shareholders to be held in the summer of 2021, the Corporation must receive shareholder proposals by March 5, 2021.

### **Board of Directors Approval**

The Board of Directors of the Corporation has approved the contents and sending of this Information Circular.

(signed) "*Ian C. Bliss*"

Ian C. Bliss  
President and Chief Executive Officer

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of financial statements and MD&A may be obtained on request without charge from the Chief Financial Officer of the Corporation at Suite 500, 55 Metcalfe Street, Ottawa, Ontario, K1P 6L5 (Telephone (613) 232-0459). Financial information is provided in the Corporation's annual comparative financial statements and MD&A for the Corporation's most recently completed financial year.

## **SCHEDULE "A"**

### **NORTHERN SHIELD RESOURCES INC.**

#### **Audit Committee Terms of Reference**

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Northern Shield Resources Inc. (the "Corporation") shall have the oversight responsibility, authority and specific duties as described below.

#### **Composition**

The Committee will be comprised of three or more directors as determined by the Board, none of whom shall be or shall have been, unless the period prescribed by applicable securities rules has elapsed since the end of service or employment, an officer or employee of the Corporation or any subsidiary of the Corporation. Each Committee member shall satisfy the independence, financial literacy and experience requirements of applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the Committee.

Members of the Committee shall be appointed by the Committee. Each member shall serve until his successor is appointed, unless he shall resign or be removed by the Committee or he shall otherwise cease to be a director of the Corporation. The Committee shall fill any vacancy if the membership of the Committee is less than three directors.

The Chair of the Committee shall be designated by the Committee by vote of a majority of the full Committee membership.

#### **Communication, Authority to Engage Advisors and Expenses**

The Committee shall have access to such officers and employees of the Corporation, the Corporation's external auditor and to such other information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

The Committee provides an avenue for communication, particularly for outside directors, with the external auditor and financial and senior management and the Board. The external auditor shall have a direct line of communication to the Committee through its Chair and shall report directly to the Committee. The Committee, through its Chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee, on a confidential basis, any matter involving the Corporation's financial practices or transactions.

The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors. Any engagement of independent counsel or other advisors is to be at the Corporation's expense.

The Corporation shall be responsible for all expenses of the Committee that are deemed necessary or appropriate by the Committee in carrying out its duties.

## **Meetings and Record Keeping**

Meetings of the Committee shall be conducted as follows:

- 1 the Committee shall meet at least four times annually at such times and at such locations as the Chair of the Committee shall determine, provided that meetings shall be scheduled so as to permit timely review of the quarterly and annual financial statements and reports. The external auditor or any two members of the Committee may also request a meeting of the Committee. The Chair of the Committee shall hold in camera sessions of the Committee at every meeting without management present;
- 2 the quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other;
- 3 if the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting;
- 4 the Chair shall, in consultation with management (and the auditor if necessary) establish the agenda for the meetings and circulate or instruct management to circulate properly prepared agenda materials to the Committee with sufficient time for study prior to the meeting;
- 5 every matter of business at a Committee meeting shall be decided by a majority of the votes cast;
- 6 the Chief Executive Officer shall be available to advise the Committee, shall receive notice of meetings and may attend meetings of the Committee at the invitation of the Chair of the Committee. Other management representatives may be invited to attend as necessary; and
- 7 a Committee member, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.

The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All information reviewed and discussed by the Committee at any meeting shall be referred to in the minutes and made available for examination by the Board upon request to the Chair.

## **Responsibilities**

The Committee is part of the Board. Its primary functions are to assist the Board in fulfilling its oversight responsibilities with respect to: (i) the oversight, review and approval of the financial statements and the accounting and financial reporting processes of the Corporation; (ii) the assessment of the system of internal controls that management has established; and (iii) the external audit process. In addition, the Committee shall assist the Board, as requested, in fulfilling its oversight responsibilities with respect to (i) financial policies and strategies; (ii) financial risk management practices; and (iii) transactions or circumstances which could materially affect the financial profile of the Corporation.

The Committee shall be directly responsible, in its capacity as a committee of the Board, for making a recommendation to the Board regarding the appointment, compensation and retention of the external auditor and overseeing the work of the external auditor and the relationship of the external auditor with the Corporation (including the resolution of disagreements between management and the external auditor regarding financial reporting). Management is responsible for preparing the financial statements and

financial reporting of the Corporation and for maintaining internal control and management information and risk management systems and procedures. The external auditor is responsible for the audit or review of the financial statements and other services they provide.

The duty and standard of care which directors must meet is as set forth in applicable corporate and securities legislation. These terms of reference are intended to assist the members of the Committee in satisfying the standard of care which is imposed upon them by applicable law and is not intended to increase or decrease the standard of care to which all directors are subject.

The Committee should have a clear understanding with the external auditor that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditor is to the shareholders of the Corporation.

### **Specific Duties**

#### **A. Relationship with External Auditor**

The Committee shall:

- 1 consider and make a recommendation to the Board as to the appointment or re-appointment of the external auditor, ensuring that such auditor is a participant in good standing pursuant to applicable securities laws;
- 2 consider and make a recommendation to the Board as to the compensation of the external auditor which is to be paid by the Corporation;
- 3 oversee the work of the external auditor in performing their audit or review services and oversee the resolution of any disagreements between management of the Corporation and the external auditor;
- 4 review and discuss with the external auditor all material identified relationships that the external auditor and its affiliates have with the Corporation and its affiliates in order to determine the external auditor's independence, including, without limitation:
  - (a) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditor delineating all relationships that may reasonably be thought to bear on the independence of the external auditor with respect to the Corporation;
  - (b) discussing with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor; and
  - (c) recommending that the Board take appropriate action in response to the external auditor's statement to satisfy itself of the external auditor's independence;
- 5 review and discuss the audit plan of the external auditor with the external auditor, including the staffing thereof, prior to the commencement of the audit;
- 6 as may be required by applicable securities laws, rules and guidelines, either:
  - (a) pre-approve all non-audit services to be provided by the external auditor to the Corporation (and its subsidiaries, if any), or, in the case of de minimus non-audit services, approve such non-audit services prior to the completion of the audit; or
  - (b) adopt specific policies and procedures for the engagement of the external auditor for the purposes of the provision of non-audit services; and

- 7 review and approve the hiring policies of the Corporation regarding partners and employees and former partners and employees of the present and former external auditor of the Corporation.

B. Financial Statements and Financial Reporting

The Committee shall:

- 1 review with management and the external auditor, and recommend to the Board for approval, the annual financial statements of the Corporation and related financial reporting, including management's discussion and analysis. In particular, the Committee's review of such financial statements should include, but not be limited to:
  - (a) reviewing any changes in accounting principles, or in their application, which may have a material effect on the current or future years' financial statements;
  - (b) reviewing material identified accruals, reserves or other similar estimates;
  - (c) reviewing the accounting treatment of unusual or non-recurring transactions;
  - (d) reviewing the adequacy of the provision for abandonment and reclamation costs, if any; and
  - (e) reviewing disclosure requirements for commitments and contingencies;
- 2 upon completion of each audit, review with the external auditor the results of such audit. This process should include but not be limited to:
  - (a) reviewing the scope and quality of the audit work performed;
  - (b) reviewing the capability of the Corporation's financial personnel;
  - (c) reviewing the co-operation received from the Corporation's financial personnel during the audit;
  - (d) reviewing the resources used by the Corporation;
  - (e) reviewing material identified transactions outside of the normal business of the Corporation; and
  - (f) reviewing material proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems;
- 3 review with management and (at the Committee's discretion) the external auditor, and approve, the interim financial statements of the Corporation and related financial reporting, including management's discussion and analysis. In particular, the Committee's review of such financial statements should include, but not be limited to, those items set forth in 1.(a) to (e) above, as applicable;
- 4 review with management and recommend to the Board for approval, the Corporation's annual information form, if applicable;
- 5 review with management and approve or recommend to the Board for approval, as required by the terms hereof, any financial statements of the Corporation which have not previously been approved and which are to be included in a prospectus or other public disclosure document of the Corporation;

- 6 consider and be satisfied that appropriate policies and procedures are in place by management for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements (other than public disclosure referred to in clauses B.1 and B.3 above), and periodically assess the adequacy of such procedures;
- 7 review with management, the external auditor and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements;
- 8 review accounting, tax, legal and financial aspects of the operations of the Corporation as the Committee considers appropriate; and
- 9 encourage cooperation and communication between the Committee, the external auditors and management on the use of corporate information and records in the financial reporting process.

C. Internal Controls

The Committee shall:

- 1 review with management and, as applicable, the external auditor and legal counsel, the adequacy and effectiveness of the internal control and management information systems and procedures of the Corporation (with particular attention given to accounting, financial statements and financial reporting matters) and consider whether the Corporation is in compliance with applicable legal and regulatory requirements and with the Corporation's policies;
- 2 review the external auditor's recommendations regarding any matters, including internal control and management information systems and procedures, and management's responses thereto;
- 3 establish procedures for the receipt, retention and treatment of complaints, submissions and concerns regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- 4 review policies and practices concerning the expenses and perquisites of the President and Chief Executive Officer, including the use of the assets of the Corporation; and
- 5 review with management and the external auditor any identified corporate transactions in which directors or officers of the Corporation have a personal interest and other transactions with affiliated parties of the Corporation.

D. Financial Risk Management

The Committee shall:

- 1 review with management their assessment of the material financial risks and exposures of the Corporation and discuss with management the steps which the Corporation has taken to monitor and control such exposures;
- 2 review current and expected future compliance with covenants under any financing agreements;

- 3 understand the financial risks arising from the Corporation's exposure to such things as commodity prices, interest rates, foreign currency exchange rates and credit, as applicable. Review the management of those risks including any proposed hedging of such exposures, as applicable;
- 4 review the activities of the Corporation's marketing group or investor relations firm and the financial risks arising from such activities;
- 5 review the Corporation's insurance coverage including insurance covering directors and officers liability;
- 6 review any other material financial exposures including such things as tax audits, government audits or any other activities that expose the Corporation to the risk of a material financial loss;
- 7 report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the businesses of the Corporation; and
- 8 review the appropriateness of the controls, policies and procedures used in the preparation of the Corporation's financial statements and other required disclosure documents, and consider recommendations for any material change to such policies.

## SCHEDULE "B"

### CORPORATE GOVERNANCE DISCLOSURE

#### Board of Directors

The Board is currently comprised of five individuals, Ian C. Bliss, Russell M. Richards, Dr. Scott Jobin-Bevans, Marcus W. Archer and Donald S. Bubar, three of whom, Messrs. Richards, Jobin-Bevans and Bubar, are "independent" within the meaning of that term under National Policy 58-201 - *Corporate Governance Guidelines*. Ian C. Bliss is the Corporation's President and Chief Executive Officer and, accordingly, is not independent. Marcus W. Archer is a partner of the law firm that provides legal services to the Corporation and, accordingly, is not independent.

The Board exercises its independent supervision over management through regular meetings of the Board in addition to the Board reviewing and approving any significant transactions undertaken by the Corporation.

#### Directorships

The following table sets out the other reporting issuer directorships of the Corporation's directors and proposed directors:

| <u>Name</u>            | <u>Other Reporting Issuers</u>   |
|------------------------|--|
| Dr. Scott Jobin-Bevans | Stroud Resources Ltd.<br>White Metal Resources Corp.<br>Vision Lithium Inc.<br>Nubian Resources Ltd.<br>International Prospect Ventures Ltd. |
| Don Bubar              | Avalon Advanced Materials Inc.<br>Imperial Mining Group Ltd.<br>Wolfden Resources Corporation<br>Copper Lake Resources Ltd.                  |

#### Orientation and Continuing Education

New directors to the Board are provided with an informal orientation regarding the business, operations and affairs of the Corporation by management. Members of the Board are provided with ongoing education respecting the Corporation's business, operations and affairs by way of management updates and presentations. In addition, directors are encouraged to attend industry workshops respecting the responsibilities of directors.

#### Ethical Business Conduct

The Board encourages and promotes a culture of ethical business conduct by the Corporation by actively overseeing the management of the Corporation's business. In addition, in April, 2008 the Board approved a Code of Conduct and Whistleblower Policy for the Corporation to address the recommendations set out in National Policy 58-201 - *Corporate Governance Guidelines*. The Code of Conduct has been filed on SEDAR under the Corporation's profile.

## **Nomination of Directors**

The members of the Board share responsibility for proposing new nominees to the Board. Due to the small number of Board members and the different strengths and viewpoints each brings to the Board, this duty is not delegated to a committee.

## **Compensation**

The Compensation Committee is responsible for reviewing compensation for the directors and senior management and making recommendations or providing input to the Board with respect thereto, in either a formal or informal fashion. The CD&A in this Information Circular provides more detailed disclosure regarding the Corporation's compensation program and the role of the Compensation Committee and the Board with respect thereto.

## **Board Committees**

To facilitate its exercise of independent supervision over management, the Board established the Audit Committee, the Compensation Committee and the Technical Committee.

### ***Audit Committee***

The composition of the Audit Committee and their "financial literacy" and "independence", as such terms are defined under National Instrument 52-110 - *Audit Committees*, is described in the Information Circular to which this schedule is attached under the heading "Audit Committee". The Audit Committee's mandate is attached as Schedule "A" to this Information Circular.

### ***Compensation Committee***

The Compensation Committee is comprised of Mr. Marcus W. Archer (Chair), Mr. Donald Bubar and Mr. Russell M. Richards. The mandate of the Compensation Committee is described in detail in the CD&A in this Information Circular.

### ***Technical Committee***

The Technical Committee is currently comprised of Mr. Ian Bliss, Dr. Scott Jobin-Bevans (Chair) and Mr. Donald Bubar. The Technical Committee was established to provide geological technical support, guidance and analysis to the Corporation's management. The Technical Committee does not have a formal written mandate at this time.

## **Assessments**

The Board does not have a formal process or steps established to satisfy itself that the Board, its committees and its individual directors are performing effectively. The Board discusses these issues from time to time amongst itself and management and implements such changes and makes such modifications as are determined to be necessary or desirable.

## **Diversity Disclosure**

In 2019, amendments to the *Canada Business Corporations Act* were adopted requiring new disclosure of the number of: (i) women; (ii) Aboriginal peoples; (iii) people with disabilities; and (iv) members of visible minorities (collectively, the "designated groups") on the board and in senior management positions with the Corporation. Presently, none of the Corporation's directors or members of senior management (0%) belong to any of the designated groups. The foregoing disclosure is derived from information provided by the directors and executive officers. In accordance with privacy legislation, such information was collected on a voluntary basis, and where a particular individual chose not to respond, the Corporation did not make assumptions or otherwise assign data to that individual.

### ***Policies Regarding the Representation of Designated Groups***

The Corporation recognizes the benefits of having a diverse board and management. Due to its size, industry sector and the number of Board members and management, the Corporation has not adopted a formal written policy on the search for and selection of members of designated groups as directors or members of senior management, and instead has sought to increase diversity through the recruitment efforts of its officers and directors. The Corporation is receptive to increasing the diversity of its board and management taking into account the skills, background, experience and knowledge desired at any particular time by the Board and its committees.

### ***Consideration of the Representation of Designated Groups***

In assessing and selecting nominees for the Board and the appointment of executive officers, diversity, including representation of designated groups, is an important factor considered by the Corporation. The Board takes into account the diversity of its candidates in the context of its director selection and replacement process and executive officer appointments. The presence of candidates from designated groups and other factors, including the experience, judgment, qualifications, skills and personal qualities of the candidates, are taken into consideration.

### ***Targets Regarding the Representation of Designated Groups***

The Corporation recognizes the value of individuals with diverse attributes on the Board and in senior management positions. However, the Corporation has not fixed a specific representation target or adopted measurable goals with respect to the designated groups, but takes diversity into account in the recruitment process and the promotion of employees. At this time, the Board does not believe that quotas, strict rules and targets necessarily result in the identification or selection of the best candidates for directors or executive officers. The Corporation believes that diversity is appropriately considered in its nomination and hiring process and that a numerical target would deprive it of the flexibility to select the best possible candidates based on a range of criteria.

### ***Term Limits***

The Board has not adopted a formal term limit for directors. The Board strives to be constituted to achieve a balance between experience and the need for renewal and fresh perspective. The Board believes the imposition of director term limits on a board implicitly discounts the value of experience and continuity amongst Board members and runs the risk of excluding experienced and potentially valuable Board members as a result of an arbitrary determination. The Board believes that it is better served with a regular assessment of the effectiveness of the Board, Board committee and individual directors rather than on arbitrary term limits.