



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 25, 2024 at 10:00 am. (Calgary time)
at Bankers Court, 15th Floor, 850 2 Street SW, Calgary, AB T2P 0R8**

May 16, 2024



NORTHERNSHIELD
RESOURCES INC.

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 the offices of Dentons Canada LLP at Banker's Court, 15th Floor, 850 2 Street SW, Calgary, AB T2P 0R8, at 10:00 a.m. (Calgary time) on June 25, 2024 for the following purposes:

- 1 To receive the Financial Statements of the Corporation for the year ended December 31, 2023 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 Davidson & Company LLP, Chartered Professional Accountants, as 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 amended stock option plan, as described in the Information Circular accompanying this Notice.
- 5 To consider and, if thought fit, to pass an ordinary resolution to extend the Corporation's Amended and Restated Shareholder Rights Plan, as described in the Information Circular accompanying this Notice.
- 6 To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

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, 8th 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 16, 2024 and their duly appointed proxyholders will be entitled to vote at the Meeting.

DATED at Ottawa, Ontario this 16th day of May 2024

By Order of the Board of Directors

(signed) "*Ian C. Bliss*"

Ian C. Bliss

President and Chief Executive Officer



NORTHERNSHIELD
RESOURCES INC.

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 25, 2024 at 10:00 a.m. (Calgary time) at the place and for the purposes set out in the accompanying Notice of Meeting.

As a shareholder you are cordially invited to be present at the Meeting. To ensure that you will be represented at the Meeting in the event that you are a *registered shareholder* and unable to attend personally, 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, 8th 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 16th day of May 2024.

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, 8th 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.

Record Date, Voting Shares and Principal Holders Thereof

The Corporation has set the close of business on May 16, 2024 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 16, 2024, the Corporation's issued and outstanding voting shares consisted of 83,264,091 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.

The following table sets forth information with respect to the only shareholder to the knowledge of the Directors or executive officers, and as of the date of this Circular, who beneficially owns, controls or directs, directly or indirectly, Shares carrying more than 10% of the voting rights attached to any class of issued and outstanding voting securities as at May 16, 2024:

Name	Number of Shares	Percentage of Shares
Russell M. Richards ⁽¹⁾⁽²⁾⁽³⁾	8,400,000	10.9%

Notes:

(1) Mr. Richards, a director of the Corporation, has the right to acquire up to an additional 5,150,000 Common Shares by virtue of holding 2,650,000 purchase warrants with an exercise price of \$0.10 per share until July 19, 2025, 2,340,000 options with an exercise price of \$0.12 per share until August 8, 2028 and 160,000 options with an exercise price of \$0.50 per share until June 26, 2024.

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, 2023, 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 comprises Dr. Scott Jobin-Bevans, Mr. Peter Dimmell (Chair) and Mr. 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. Dr. Jobin-Bevans, Mr. Richards and Mr. Dimmell are all "independent" within the meaning of that term under National Policy 58-201 – *Corporate Governance Guidelines* ("NI 58-201").

Mr. Richards has been an advisor for over 16 years to private equity ownership groups regarding the management of over 25 portfolio companies.

Dr. Jobin-Bevans is an independent businessman and previously held executive positions at numerous public and private companies. Through such roles, Dr. Jobin-Bevans gained experience and expertise in risk management and compensation programs.

Mr. Dimmell (Chair) has been involved in mineral exploration for 55 years, working with Noranda and Lacana/Corona Corp. and later as a consultant to a host of juniors. He is a professional geoscientist in Ontario, and Newfoundland and Labrador and is a Fellow of Geoscientists Canada (FGC).

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.

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 incentivizing 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 ⁽³⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Ian C. Bliss President & CEO ⁽¹⁾	2023	73,242	Nil	Nil	Nil	Nil	Nil	Nil	73,242
	2022	129,698	Nil	Nil	Nil	Nil	Nil	Nil	129,698
	2021	175,782	Nil	Nil	Nil	Nil	Nil	30,028	205,808
Samuel Legg CFO ⁽²⁾	2023	59,400	Nil	Nil	Nil	Nil	Nil	Nil	59,400
	2022	59,400	Nil	Nil	Nil	Nil	Nil	Nil	59,400
	2021	59,400	Nil	Nil	Nil	Nil	Nil	Nil	59,400

Notes:

- (1) Mr. Bliss received no additional compensation in connection with his role as a director of the Corporation.
- (2) Mr Bliss received \$30,028 as reimbursement for his own disability insurance coverage as per his employment agreement.
- (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, 2023 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 ⁽³⁾		
		Number of Common Shares Underlying unexercised Options (#) ⁽¹⁾	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽²⁾ (\$)	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 President & CEO	August 8, 2023 June 26, 2019	1,500,000 100,000	\$0.12 \$0.50	August 8, 2028 June 26, 2024	Nil Nil	N/A N/A	N/A N/A	N/A N/A
Samuel Legg CFO	August 8, 2023 June 26, 2019	400,000 60,000	\$0.12 \$0.50	August 8, 2028 June 26, 2024	Nil Nil	N/A N/A	N/A N/A	N/A N/A

Notes:

- (1) Options expire five years from the date of grant.
- (2) Based on the December 31, 2023 closing trading price of the Common Shares of \$0.04 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, 2023, 6,990,000 Common Shares (representing approximately 8.4% of the issued and outstanding Common Shares as at such date) were reserved for issuance pursuant to Options granted under the Plan.

The Corporation is asking shareholders to approve the Corporation's amended stock option plan (the "Amended Option Plan") as set out in "Approval of Amended Option Plan". If the Amended Option Plan is approved by shareholders, the Amended Option Plan will replace the Option Plan and will become the Corporation's only plan for providing equity-based incentive compensation to eligible directors, officers, employees and consultants.

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, 2023 and bonuses paid to Named Executive Officers in respect of achievements attained over the same period.

Name	Option-Based Awards – Value Vested During the Year⁽¹⁾ (\$)	Share-based Awards – Value Vested During the Year⁽²⁾ (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Ian C. Bliss President & CEO	Nil	N/A	Nil
Samuel Legg 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 2023 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, 2023 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, 2023.

NEO	Hypothetical Severance Payment
Ian C. Bliss	\$ 409,306
Samuel Legg	Nil

Director Compensation

Director compensation for the Corporation's financial year ended December 31, 2023 comprised 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, 2023 made to the directors pursuant to the Option Plan:

Name	Grant Date	Option Based Awards				Share-Based Awards ⁽³⁾		
		Number of Common Shares Underlying Unexercised Options ⁽¹⁾ (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽²⁾ (\$)	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
Scott Jobin-Bevans	August 8, 2023 June 26, 2019	1,120,000 80,000	\$0.12 \$0.50	August 8, 2028 June 26, 2024	Nil Nil	N/A N/A	N/A N/A	N/A N/A
Russell M. Richards (Chairman)	August 8, 2023 June 26, 2019	2,340,000 160,000	\$0.12 \$0.50	August 8, 2028 June 26, 2024	Nil Nil	N/A N/A	N/A N/A	N/A N/A
Peter Dimmell	August 8, 2023	300,000	\$0.12	August 8, 2028	Nil	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, 2023 closing trading price of the Common Shares of \$0.04 per Common Share.
- (3) None of the non-employee directors have any share-based awards.

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, 2023.

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Share-based Awards – Value Vested During the Year ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Scott Jobin-Bevans	Nil	N/A	Nil
Russell M. Richards	Nil	N/A	Nil
Peter Dimmell	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 2023 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, 2023, is \$0.
- (2) None of the non-employee directors have any share-based awards.

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, 2023.

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) ⁽¹⁾
Equity compensation plans approved by securityholders	6,990,000	\$0.16	1,336,409
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	6,990,000	\$0.16	1,336,409

Note:

(1) Based on the number of Common Shares outstanding on December 31, 2023.

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 2023 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 comprises Mr. Russell M. Richards (Chair), Dr. Scott Jobin-Bevans and Mr. Peter Dimmell. Each of Mr. Richards, Dr. Jobin-Bevans and Mr. Dimmell are "financially literate", as defined by National Instrument 52-110 – *Audit Committees* ("NI 52-110"), and "independent",

as defined by 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 2022 and 2023:

	<u>2022</u>	<u>2023</u>
Audit fees	\$30,000	\$35,000
Audit related fees	-	-
Tax fees ⁽¹⁾	7,600	7,500
All other fees ⁽²⁾	366	427
Total	<u>\$37,966</u>	<u>\$42,927</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 16, 2024.

BUSINESS OF THE ANNUAL MEETING

Receipt of the Financial Statements and Auditors' Report

The financial statements of the Corporation for the year ended December 31, 2023 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, 8th 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 four.

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 16, 2024. 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 ⁽⁴⁾ Ottawa, Ontario 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 ⁽¹⁾	2,389,881
Dr. Scott Jobin-Bevans ⁽²⁾⁽³⁾⁽⁴⁾ Santiago, Chile Director	Currently, President and CEO (Director/Co-Founder) of Caracle Creek International Consulting Inc., and Managing Director of Caracle Creek Chile SpA, both private geological and geophysical consulting companies. He is a past president (2010-12) of the Prospectors and Developers Association of Canada (PDAC). Currently a Director of Vision Lithium Inc., International Prospect Ventures Ltd. (also VP Exploration), Stroud Resources Ltd. (also Interim CEO), Thunder Gold Corp., and Sienna Resources Inc.	2013	Nil
Russell M. Richards ⁽²⁾⁽³⁾ Atlanta, Georgia, USA Director	Currently serves as a Managing Director for Leonis Partners, a NY-based boutique investment bank. Mr. Richards also serves as the Managing Member of Torii Gate Ventures. Mr. Richards previously served as the EVP of Integration and Operational Improvement for Constellation Affiliated Partners, a private insurance platform. Constellation bought Mr. Richards' previous employer, Allstar Financial Group, for which he served as the CIO.	2016	8,400,000

Name, Place of Residence and Position with the Corporation	Principal Occupation For the Past Five Years	Director Since	Number of Voting Shares
Peter Dimmell ⁽²⁾⁽³⁾⁽⁴⁾ St. Johns, Newfoundland Director	Mr. Dimmell is a geologist and prospector who has been involved in mineral exploration for 55 years, working with Noranda, Lacana/Corona and a host of juniors. He is a professional geoscientist in Ontario and Newfoundland and Labrador and is a Fellow of Geoscientists Canada (FGC). He is a past president (2004-06) of the Prospectors and Developers Association of Canada (PDAC), a past Chairman, past executive director and past director of Mining Industry NL, a member and past councillor of the Geological Association of Canada (GAC), a member of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), and an associate member of the Association of Applied Geochemists (AAG) and the Society of Economic Geologists (SEG). He currently is also a director of VVC Exploration Corp (TSXV:VVC) and Sokoman Minerals Corp. (TSXV:SIC).	2023	375,000

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.

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.

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 voting against others, or voting against 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 Amended 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 27, 2023.

At the request of the Exchange, and to ensure that the Option Plan is compliant with certain amendments to Exchange Policy 4.4 effective as of November 24, 2021, the Corporation intends to make certain amendments to the Option Plan which are of a housekeeping nature and which clarify already existing provisions in line with Exchange Policy 4.4. At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve a resolution replacing the Corporation's Option Plan with the Amended Option Plan. Once approved, the Amended Option Plan shall be known as the 2024 Stock Option Plan and shall be the Option Plan of the Corporation for all purposes. All capitalized terms under this section, if not defined, are as defined in the Amended Option Plan. The following summary of the amendments to the Option Plan is qualified in its entirety by reference to the full text of the Amended Option Plan, attached as Schedule "C" hereto:

- (a) disinterested Shareholder approval shall be obtained by the Corporation prior to any reduction to the exercise price or extension of the term of any Option if the affected Participant is an Insider of the Corporation at the time of the proposed amendment;
- (b) Insiders (as a group), under the Amended Option Plan and all other securities based compensation arrangements of the Corporation, must not exceed ten percent (10%) of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis) at any point in time (unless the Corporation has obtained the requisite disinterested Shareholder approval);

- (c) Insiders (as a group) in any 12 month period under the Amended Option Plan and all other securities based compensation arrangements of the Corporation, must not exceed ten percent (10%) of the total issued and outstanding Common Shares (calculated on a non-diluted basis) as at the date of grant of such Options or securities based compensation (unless the Corporation has obtained the requisite disinterested Shareholder approval);
- (d) any one Consultant in any 12 month period under the Amended Option Plan and all other securities based compensation arrangements of the Corporation, must not exceed two percent (2%) of the issued and outstanding Common Shares (calculated on a non-diluted basis) as the date of grant of such Options or securities based compensation; and
- (e) all persons retained to perform investor relations activities, in any 12 month period shall not exceed two percent (2%) in any 12 month period of the issued and outstanding Common Shares (calculated on a non-diluted basis).

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 amended 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 Amended Option Plan.**

Extension of Amended and Restated Shareholder Rights Plan

At the Meeting, shareholders will be asked to consider and approve an ordinary resolution to extend the Corporation's Amended and Restated Shareholder Rights Plan (the "SRP") which was previously approved by Shareholders in June 2006 and extended by the Shareholders in June 2009, June 2012, June 2015 and amended and restated in June 2018 and extend by the Shareholders in 2021. The SRP was implemented by way of a Shareholder Rights Plan Agreement (the "Agreement") dated effective May 23, 2006, as amended and restated on June 26, 2018 between the Corporation and Computershare Trust Company of Canada, as rights agent (the "Rights Agent"). Approval by the shareholders to extend the SRP is required by the SRP every three years.

Purpose of the Shareholder Rights Plan

The objective of the SRP is to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any takeover bid or similar offer for all or a portion of the outstanding Common Shares of the Corporation. Takeover bids may be structured to be coercive and do not always result in shareholders receiving equal or fair treatment or full or maximum value for their shares. For example, a person may acquire a controlling position in a company in reliance on exemptions from the takeover bid rules, without having to make a takeover bid to all shareholders and without having to pay a control premium.

The SRP discourages discriminatory, coercive or unfair takeovers of the Corporation by creating the potential that any Common Shares which may be acquired or held by such a bidder will be significantly diluted. The potential for significant dilution to the holdings of such a bidder can occur as the SRP provides that all holders of Common Shares other than the bidder and its affiliates and associates will be entitled to exercise rights issued to them under the SRP and to acquire Common Shares at a substantial discount to prevailing market prices. The bidder or the persons related to the bidder will not be entitled to exercise any

Rights under the SRP. Accordingly, the SRP will encourage potential bidders to make takeover bids by means of a Permitted Bid (as defined below) or to approach the Board to negotiate a mutually acceptable transaction. The Permitted Bid provisions of the SRP are designed to ensure that in any takeover bid for outstanding Common Shares of the Corporation all shareholders are treated equally.

The SRP is not being amended and renewed in response to, or in anticipation of, any pending, threatened or proposed acquisition or takeover bid. The Board did not adopt the SRP to prevent a takeover of the Corporation, to secure the continuance of management or the directors in their respective offices or to deter fair offers for the Common Shares of the Corporation.

Summary of the Shareholder Rights Plan

The following summary of the terms of the SRP is qualified in its entirety by reference to the text of the SRP. A shareholder or other interested party may obtain a copy of the SRP by contacting the Chief Financial Officer of the Corporation at 150 Elgin Street, 10th Floor, Ottawa, Ontario, K2P 1L4 (Telephone (613) 232-0459) or by accessing the Corporation's publicly filed documents, including the SRP, on SEDAR+ at www.sedarplus.ca.

Term

Provided the extension of the SRP is approved at the Meeting, the SRP (unless terminated earlier) will remain in effect until termination of the annual meeting of shareholders of the Corporation in 2027, unless the term of the SRP is extended beyond such date by resolution of shareholders at such meeting. **If the SRP is not approved at the Meeting, the SRP will terminate at the conclusion of the Meeting.**

Issue of Rights

One right (a "Right") was issued by the Corporation in respect of each Common Share outstanding when the SRP was put in place and one Right has been and will continue to be issued in respect of each Common Share issued since that time.

Rights Exercise Privilege

The Rights will separate from the Common Shares to which they are attached and become exercisable at the time (the "Separation Time") which is 10 trading days following the date a person becomes an Acquiring Person or announces an intention to make a takeover bid that is not an acquisition pursuant to a takeover bid permitted by the SRP (a "Permitted Bid").

Any transaction or event in which a person (an "Acquiring Person"), including associates and affiliates and others acting in concert with such person, acquires (other than pursuant to an exemption available under the SRP or a Permitted Bid) Beneficial Ownership (as defined in the SRP) of 20% or more of the voting shares of the Corporation is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the Corporation or an Acquiring Person that an Acquiring Person has become such, will become void and the Rights (other than those held by the Acquiring Person) will permit the holder to purchase Common Shares at a 50% discount to their market price.

The issuance of the Rights is not dilutive and does not change the manner in which shareholders trade their Common Shares.

Permitted Lock-Up Agreement

A person will not become an Acquiring Person by virtue of having entered into an agreement (a "Permitted Lock-Up Agreement") with a shareholder whereby the shareholder agrees to deposit or tender voting shares to a takeover bid made by such person, provided that the agreement meets certain requirements including:

- a) the terms of the agreement are publicly disclosed and a copy of the agreement is publicly available;

- b) the shareholder who has agreed to tender voting shares to the takeover bid (the "Lock-Up Bid") made by the other party to the agreement is permitted to terminate its obligation under the agreement in order to tender voting shares to another takeover bid or transaction where: (i) the offer price or value of the consideration payable under the other takeover bid or transaction is greater than the price or value of the consideration per share at which the shareholder has agreed to deposit or tender voting shares to the Lock-Up Bid or is equal to or greater than a specified minimum which is not more than 7% higher than the offer price under the Lock-Up Bid; and (ii) if the number of voting shares offered to be purchased under the Lock-Up Bid is less than all of the voting shares held by shareholders (excluding shares held by the offeror), the number of voting shares offered to be purchased under the other takeover bid or transaction (at an offer price not lower than in the Lock-Up Bid) is greater than the number of voting shares offered to be purchased under the Lock-Up Bid or is equal to or greater than a specified number which is not more than 7% higher than the number of voting shares offered to be purchased under the Lock-Up Bid; and
- c) no break-up fees or other penalties that exceed in the aggregate the greater of 2.5% of the price or value of the consideration payable under the Lock-Up Bid and 50% of the increase in consideration resulting from another takeover bid or transaction shall be payable by the shareholder if the shareholder fails to deposit or tender voting shares to the Lock-Up Bid.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares and the Rights will trade together with the Common Shares and will not be exercisable or transferable separately from the Common Shares. From and after the Separation Time, the Rights will become exercisable, will be evidenced by Rights Certificates and will be transferable separately from the Common Shares.

Permitted Bid Requirements

The requirements of a "Permitted Bid" include the following:

- a) the takeover bid must be made by means of a takeover bid circular;
- b) the takeover bid must be made to all holders of voting shares as registered on the books of the Corporation, other than the offeror;
- c) the takeover bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no voting shares will be taken up or paid for pursuant to the takeover bid prior to the close of business on the date which is not less than 105 days following the date of the takeover bid, or such shorter minimum period as is permitted under the securities legislation, and only if at such date more than 50% of the voting shares held by independent shareholders shall have been deposited or tendered pursuant to the takeover bid and not withdrawn;
- d) the takeover bid contains an irrevocable and unqualified provision that unless the takeover bid is withdrawn, voting shares may be deposited pursuant to such takeover bid at any time during the period of time between the date of the takeover bid and the date on which voting shares may be taken up and paid for and that any voting shares deposited pursuant to the takeover bid may be withdrawn until taken up and paid for; and
- e) the takeover bid contains an irrevocable and unqualified provision that if, on the date on which voting shares may be taken up and paid for, more than 50% of the voting shares held by independent shareholders shall have been deposited pursuant to the takeover bid and not withdrawn, the offeror will make a public announcement of that fact and the takeover bid will remain open for deposits and tenders of voting shares for not less than ten days from the date of such public announcement.

The SRP allows for a competing Permitted Bid (a "Competing Permitted Bid") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that no voting shares can be taken up prior to the close of business on the last day of the minimum initial deposit period that such takeover bid must remain open pursuant to securities legislation after the date of the takeover bid constituting the Competing Permitted Bid.

Waiver and Redemption

If a potential offeror does not desire to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board of Directors to make a takeover bid by way of a takeover bid circular sent to all holders of voting shares on terms which the Board considers fair to all shareholders. In such circumstances, the Board may waive the application of the SRP thereby allowing such bid to proceed without dilution to the offeror. Any waiver of the application of the SRP in respect of a particular takeover bid shall also constitute a waiver of any other takeover bid which is made by means of a takeover bid circular to all holders of voting shares while the initial takeover bid is outstanding. The Board of Directors may also waive the application of the SRP in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding voting shares of the Corporation within 14 days or such earlier or later date as may be specified by the Board. With the prior consent of the holders of voting shares, the Board of Directors may, prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of voting shares otherwise than pursuant to the foregoing, waive the application of the SRP to such Flip-in Event.

The Board of Directors may, with the prior consent of the holders of voting shares, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right. Rights are deemed to be redeemed following completion of a Permitted Bid, a Competing Permitted Bid or a takeover bid in respect of which the Board of Directors has waived the application of the SRP.

Exemptions for Investment Advisors

Investment advisors (for client accounts), trust companies (acting in their capacity as trustees or administrators), statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies) and administrators or trustees of registered pension plans or funds acquiring greater than 20% of the voting shares are exempted from triggering a Flip-in Event, provided they are not making, either alone or jointly or in concert with any other person, a takeover bid.

Board of Directors

The adoption of the SRP will not in any way lessen or affect the duty of the Board of Directors to act honestly and in good faith with a view to the best interests of the Corporation. The Board, when a takeover bid or similar offer is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate.

Amendment

The Corporation may, with the prior approval of shareholders (or the holders of Rights if the Separation Time has occurred), supplement, amend, vary or delete any of the provisions of the SRP. The Corporation may make amendments to the SRP at any time to correct any clerical or typographical error or, subject to confirmation at the next meeting of shareholders, make amendments which are required to maintain the validity of the SRP due to changes in any applicable legislation, regulations or rules.

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 extension of the Amended and Restated Shareholder Rights Plan, until a general meeting of shareholders is convened in 2027, is hereby approved and the Corporation is authorized to continue the Agreement and issue Rights pursuant thereto;
- 2 the directors may revoke this resolution before it is acted upon without further approval of the shareholders; and
- 3 any one officer or director is hereby authorized to execute and deliver any documents, instruments or other writings and to do all other acts as may be necessary or desirable to give effect to the foregoing 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 extension of the SRP.**

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 during the 60-day period that begins on the 150th day before the anniversary of the previous annual meeting of shareholders. To consider including a shareholder proposal in the management proxy circular and the proxy form for the 2025 Annual Meeting of shareholders to be held in the summer of 2025, the Corporation must receive shareholder proposals between January 26, 2025 and March 27, 2025.

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.sedarplus.ca. Copies of financial statements and MD&A may be obtained on request without charge from the Chief Financial Officer of the Corporation at 150 Elgin Street, 10th Floor, Ottawa, Ontario, K2P 1L4 (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 four individuals, Ian C. Bliss, Russell M. Richards, Dr. Scott Jobin-Bevans, and Peter Dimmell, three of whom, Messrs. Richards, Jobin-Bevans and Dimmell, 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.

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. Thunder Gold Corp. Vision Lithium Inc. Sienna Resources Ltd. International Prospect Ventures Ltd.
Peter Dimmell, P.Ge	VVC Exploration Corp. Sokoman Minerals Corp.

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 Audit Committee comprises Dr. Scott Jobin-Bevans, Mr. Peter Dimmell and Mr. Russell M. Richards (Chair), all of whom are "independent" and "financially literate" 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 comprises Dr. Scott Jobin-Bevans, Mr. Russell M. Richards and Mr. Peter Dimmell (Chair). The mandate of the Compensation Committee is described in detail in the CD&A in this Information Circular.

Technical Committee

The Technical Committee comprises Mr. Ian Bliss, Dr. Scott Jobin-Bevans (Chair) and Mr. Peter Dimmell. 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.

SCHEDULE "C"

NORTHERN SHIELD RESOURCES INC.

2024 STOCK OPTION PLAN

1. The Plan

A Stock Option Plan (the "Plan") pursuant to which options to purchase common shares ("Shares") in the capital of Northern Shield Resources Inc. (the "Corporation") may be granted to the Directors, officers and key Employees of the Corporation and to Consultants retained by the Corporation is hereby established on the terms set forth below. Capitalized terms referred to in this Plan and not otherwise defined have the same meaning as set forth in the TSX Venture Exchange (the "Exchange") Policy 4.4.

2. Purpose

The purpose of this Plan is to advance the interests of the Corporation by encouraging the Directors, officers and key Employees of the Corporation and Consultants retained by the Corporation to acquire Shares, thereby (i) increasing the proprietary interests of such persons in the Corporation, (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally, (iii) encouraging such persons to remain associated with the Corporation, and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation.

3. Administration

- (a) This Plan shall be administered by the board of directors of the Corporation (the "Board").
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as hereinafter defined), all on such terms (which may vary between Options) as it shall determine. In addition, the Board shall have the authority to: (i) construe and interpret this Plan and all option agreements entered into hereunder, (ii) prescribe, amend and rescind rules and regulations relating to this Plan and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.
- (c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the President or any other officer of the Corporation. Whenever used herein, the term "Board" shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated the administration and operation of this Plan pursuant to this section 3.
- (d) Options to purchase the Shares granted hereunder ("Options") shall be evidenced by an agreement, signed on behalf of the Corporation and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve.

4. Shares Subject to Plan

- (a) Subject to section 15 below, the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares. Whenever used herein, the term "Shares" shall be deemed to include any other securities that may be acquired by a Participant upon the exercise of an Option (or where applicable, other securities based compensation arrangements of the Corporation) the terms of which have been modified in accordance with Section 15 below.

- (b) The aggregate number of Shares reserved for issuance under this Plan, or any other securities based compensation plan of the Corporation, shall not exceed ten percent (10%) of the total number of issued and outstanding Shares (calculated on a non-diluted basis) unless the Corporation receives the permission of the Exchange or exchanges on which the Shares are listed to exceed such threshold.
- (c) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any unpurchased Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

5. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of this Plan ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Plan.

6. Eligibility and Participation

- (a) The Board may, in its discretion, select any of the following persons to participate in this Plan:
 - (i) Directors of the Corporation;
 - (ii) officers of the Corporation;
 - (iii) key Employees of the Corporation; and
 - (iv) Consultants retained by the Corporation, provided such Consultants have performed and continue to perform services for the Corporation on an ongoing basis or are expected to provide a service of considerable value to the Corporation;

(any such person having been selected for participation in this Plan by the Board is herein referred to as a "Participant").
- (b) The Board may from time to time, in its discretion, grant an Option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein, provided that Options granted to any Participant shall be approved by the shareholders of the Corporation if the rules of the Exchange or any stock exchange on which the Shares are listed require such approval.
- (c) The Corporation represents that, for any Options granted to an officer, Employee or Consultant of the Corporation, such Participant is a bona fide officer, Employee or Consultant of the Corporation.

7. Exercise Price

The exercise price of each Option shall be determined in the discretion of the Board of the Corporation at the time of the granting of the Option, provided that the exercise price shall not be lower than the "Market Price". "Market Price" shall mean the closing price of the Shares on the Exchange on the last trading day immediately prior to the date the Option is granted or, if there are no trades of Shares of the Corporation on the Exchange on such day, the average of the bid price and ask price of the Shares on the day immediately prior to the date the Option is granted; provided that in the event the Shares are not listed on the Exchange but are listed on another stock exchange or stock exchanges, the foregoing references to the Exchange shall be deemed to be references to such other stock exchange, or if more than one, to such ones as shall be designated by the Board of the Corporation and to the extent that the Shares of the Corporation are not listed on any exchange, the Market Price shall be such price as is determined by the Board, in good faith. In any event, disinterested Shareholder approval shall be obtained

by the Corporation prior to any reduction to the exercise price or extension of the term of any Option if the affected Participant is an insider ("Insider") (as defined in the *Securities Act* (Alberta) (the "Act") of the Corporation at the time of the proposed amendment.

8. Number of Optioned Shares

The number of Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted, provided that the aggregate number of Shares reserved for issuance pursuant to grants to:

- (a) any one Participant (subject to the below) in any 12 month period under this Plan and all other securities based compensation arrangements of the Corporation, shall not exceed five percent (5%) of the total number of issued and outstanding Shares (calculated on a non-diluted basis) as at the date of grant of such Options or securities based compensation (unless the Corporation has obtained the requisite disinterested Shareholder approval); ;
- (b) Insiders (as a group), under this Plan and all other securities based compensation arrangements of the Corporation, must not exceed ten percent (10%) of the total number of issued and outstanding Shares (calculated on a non-diluted basis) at any point in time (unless the Corporation has obtained the requisite disinterested Shareholder approval);
- (c) Insiders (as a group) in any 12 month period under this Plan and all other securities based compensation arrangements of the Corporation, must not exceed ten percent (10%) of the total issued and outstanding Shares (calculated on a non-diluted basis) as at the date of grant of such Options or securities based compensation (unless the Corporation has obtained the requisite disinterested Shareholder approval);
- (d) any one Consultant in any 12 month period under this Plan and all other securities based compensation arrangements of the Corporation, must not exceed two percent (2%) of the issued and outstanding Shares (calculated on a non-diluted basis) as the date of grant of such Options or securities based compensation; and
- (e) all persons retained to perform investor relations activities in any 12 month period shall not exceed two percent (2%) of the issued and outstanding Shares (calculated on a non-diluted basis);

unless the Corporation receives the permission of the Exchange or exchanges on which the Shares are listed to exceed such threshold.

9. Term

The period during which an Option may be exercised (the "Option Period") shall be determined by the Board at the time the Option is granted, subject to any vesting limitations which may be imposed by the Board at the time such Option is granted, provided that:

- (a) no Option shall be exercisable for a period exceeding five (5) years from the date the Option is granted;
- (b) the Option Period shall be automatically reduced in accordance with Sections 11 and 12 below upon the occurrence of any of the events referred to therein;
- (c) no Option in respect of which shareholder approval is required under the rules of the Exchange or any exchanges on which the Shares are listed shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation; and

- (d) any Options granted to any Participant must expire within 90 days after the Participant ceases to be a Participant and within 30 days for any Participant engaged in investor relations activities after such Participant ceases to be employed to provide investor relations activities.

10. Method of Exercise of Option

- (a) Except as set forth in Sections 11 and 12 below, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a Director, officer, Employee or Consultant of the Corporation.
- (b) Options may be exercised in whole or in part.
- (c) Any Participant (or his legal, personal representative) wishing to exercise an Option shall deliver to the Corporation, at its principal office in the City of Calgary, Alberta:
 - (i) a written notice expressing the intention of such Participant (or his legal, personal representative) to exercise his Option and specifying the number of Shares in respect of which the Option is exercised; and
 - (ii) a cash payment, cheque or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised.
- (d) Upon the exercise of an Option as aforesaid, the Corporation shall forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares as the Participant (or his legal, personal representative) shall have then paid for.

11. Ceasing to be a Director, Officer, Employee or Consultant

If any Participant who is a Director, officer, Employee or Consultant of the Corporation shall cease to be a Director, officer, Employee or Consultant of the Corporation for any reason other than death, permanent disability or normal retirement, his Option will terminate at 5:00 p.m. (Calgary time) on the earlier of the date of the expiration of the Option Period and the ninetieth (90th) day after the date such Participant ceases to be a Director, officer, Employee or Consultant of the Corporation. An Option granted to a Participant who performs investor relations services on behalf of the Corporation shall terminate on the date of termination of the employment or cessation of services being provided and shall be subject to Exchange policies and procedures for the termination of Options for investor relations services. For greater certainty, the termination of any Options held by the Participant, and the period during which the Participant may exercise any Options, shall be without regard to any notice period arising from the Participant's ceasing to hold the position or positions of Director, officer, Employee or Consultant of the Corporation.

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall (i) confer upon such Participant any right to continue as a Director, officer, Employee or Consultant of the Corporation, as the case may be, or (ii) be construed as a guarantee that the Participant will continue as a Director, officer, Employee or Consultant of the Corporation, as the case may be.

12. Death, Permanent Disability or Normal Retirement of a Participant

In the event of the death, permanent disability or normal retirement of a Participant, any Option previously granted to him shall be exercisable until the end of the Option Period or until the expiration of ninety (90) days from the date of death, permanent disability or normal retirement of such Participant, whichever is earlier, and then, in the event of death or permanent disability, only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or applicable law; and

- (b) to the extent that he was entitled to exercise the Option as at the date of his death or permanent disability.

13. Rights of Participants

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until such Shares have been paid for in full and issued to such person.

14. Proceeds from Exercise of Options

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine and direct.

15. Adjustments

- (a) The number of Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Corporation, and in any such event a corresponding adjustment shall be made changing the number of Shares deliverable upon the exercise of any Option granted prior to such event without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share covered by the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under this Plan and to prevent their dilution or enlargement.
- (b) Adjustments under this Section 15 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued under this Plan on any such adjustment.

16. Change of Control

Notwithstanding the provisions of section 11, in the event of a sale by the Corporation of all or substantially all of its assets or in the event of a "change of control" of the Corporation then the Participant shall be entitled to exercise in full or in part the Options granted hereunder either during the term of the Option or within ninety (90) days after the date of termination of his employment by the Participant or the Corporation, whichever first occurs.

For the purpose of this Plan "change of control" of the Corporation means:

- (a) the acceptance by the holders of shares of the Corporation, representing in the aggregate of more than fifty percent (50%) of all issued and voting Shares of the Corporation, of any offer, whether by way of a takeover bid or otherwise, for all or any of the Shares of the Corporation; or
- (b) the acquisition hereafter, by whatever means, of ownership or control of more than fifty percent (50%) in aggregate of all issued and voting Shares of the Corporation by any companies and/or individuals acting in concert (any or all of the aforesaid hereinafter referred to as the control group); or
- (c) the acquisition of ownership or control of less than fifty percent (50%) in the aggregate of all issued and voting Shares of the Corporation and the voting of such Shares allows the control group to elect a majority of Directors on the Board of the Corporation or to assume the effective management of the Corporation.

17. Transferability

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of a Participant any Options granted hereunder may only be exercised by the Participant and in the event of the death or permanent disability of a Participant, by the person or persons to whom the Participant's rights under the Option pass by the Participant's will or applicable law, to the extent that the Participant was entitled to do so at the date of the Participant's death at any time up to and including, but not after, a date one year following the date of the Participants death or on the date of the expiration of the Option Period, whichever is earlier.

18. Amendment and Termination of Plan

The Board may, at any time, suspend or terminate this Plan. The Board may also at any time amend or revise the terms of this Plan, subject to regulatory approval provided that no such amendment or revision shall alter the terms of any Options theretofore granted under this Plan.

19. Necessary Approvals

The obligation of the Corporation to issue and deliver Shares in accordance with this Plan is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to a Participant upon the exercise of an Option for any reason whatsoever, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable.

20. Exchange Rules

This Plan and any option agreements entered into hereunder shall comply with the requirements of the Exchange or exchanges on which the Shares are listed.

21. Gender

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

22. Interpretation

This Plan will be governed by and construed in accordance with the laws of the Province of Alberta.