

**METAL ENERGY CORP.**

**NOTICE OF MEETING**

**AND**

**INFORMATION CIRCULAR**

**for the Annual General and Special Meeting of**

**Shareholders of**

**METAL ENERGY CORP.**

**Dated as of May 31, 2022**

**METAL ENERGY CORP.**  
1805 — 55 University Avenue,  
Toronto, ON M5J 2H7

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting (the "**Meeting**") of the shareholders of Metal Energy Corp. (the "**Company**") will be held at Suite 1805, 55 University Avenue, Toronto, Ontario, on June 28, 2022, at 11:00 a.m. (Eastern Time), for the following purposes:

1. to receive and consider the financial statements of the Company, together with the auditor's report thereon, for the financial year ended December 31, 2021;
2. to fix the number of directors at three (3);
3. to elect directors for the ensuing year;
4. to appoint the auditor for the ensuing year;
5. to approve a new 20% fixed option plan ("**Option Plan**") and the reservation of Common Shares and certain amendments to such Option Plan; and
6. to transact such further or other business as may properly come before the Meeting and any adjournment(s) thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the Circular accompanying this notice.

**This notice is accompanied by the Circular, a form of proxy and a supplemental mailing list return card.**

All shareholders are entitled to attend and vote at the Meeting in person or by proxy; however, the Board of Directors (the "**Board**") is requesting that due to the current COVID-19 pandemic that all shareholders vote their shares by proxy and not attend in person. Shareholders are requested to complete, date and sign the enclosed form of proxy and to return it in the envelope provided for that purpose.

The Company is offering its Shareholders the option to listen and participate (but not vote) at the Meeting by conference call at:

**Conference call participation:**

**North America Toll-Free: 1 877 234 4610**

**Local (Calgary): 403 269 5197**

**Participant Conference Access code: 4872953 #**

Shareholders will not be able to vote through the conference call; however, there will be a question and answer session following the termination of the formal business of the Meeting during which Shareholders attending the conference call can ask questions.

The Board has by resolution fixed the close of business on May 27, 2022 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to notice of and to vote at the Meeting and any adjournment(s) thereof.

Proxies to be used at the Meeting must be deposited with the Company, c/o the Company's transfer agent, Odyssey Trust Company, 702 — 67 Yonge Street, Toronto Ontario, M5E 1J8 no later than 11:00 a.m. (Eastern Time) on June 24 2022, or no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the date on which the Meeting or any adjournment(s) thereof is held.

Non-registered shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

**DATED** at Toronto, Ontario, this 31<sup>st</sup> day of May, 2022.

**BY ORDER OF THE BOARD**

*"James Sykes"*

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James Sykes  
Chief Executive Officer

**METAL ENERGY CORP.**  
1805 — 55 University Avenue,  
Toronto, ON M5J 2H7

**INFORMATION CIRCULAR**  
(As at May 31, 2022 except as indicated)

**METAL ENERGY CORP.** (the "**Company**") is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the Annual General and Special Meeting (the "**Meeting**") of the Company to be held on Tuesday, June 28, 2022 at 11:00 A.M. (EST) and at any adjournments thereof. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

**APPOINTMENT OF PROXYHOLDER**

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

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

**VOTING BY PROXY**

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

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

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

**COMPLETION AND RETURN OF PROXY**

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Odyssey Trust Company, 702 — 67 Yonge Street, Toronto Ontario, M5E 1J8 no later than 11:00 a.m. (Eastern Time) on June 24, 2022, or not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## **NON-REGISTERED HOLDERS**

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

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

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners ("**NOBOs**"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("**OBOs**").

The Company will not send its proxy-related materials directly to NOBOs under National Instrument 54-101. The Company does not intend to pay for Nominees to forward the proxy-related materials and the voting instruction form to OBOs under National Instrument 54-101. In the case of an OBO, the OBO will not receive the materials unless the OBO's Nominee assumes the cost of delivery.

## **NOTICE-AND-ACCESS**

The Company is not sending the Meeting materials to shareholders using "notice-and-access", as defined under NI 54-101.

## **REVOCABILITY OF PROXY**

In addition to revocation in any other manner permitted by law, a shareholder, his or her attorney authorized in writing or, if the shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

## **QUORUM**

The by-laws of the Company provide that a quorum of shareholders is present at a meeting of shareholders of the Company if at least one holder of not less than five (5%) percent of the outstanding shares of the Company entitled to vote at the Meeting is present in person or by proxy.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares ("**Common Shares**") without par value, of which 83,022,464 Common Shares were issued and outstanding as at May 27, 2022 (the "**Record Date**"). Persons who are registered shareholders at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

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

<u>Name</u>	<u>No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</u>	<u>Percentage of Outstanding Shares</u>
Stephen Stewart	10,900,000	13.1%

**Note:**

(1) These Shares are held by San Corp. as to 8,900,000 Shares and by Standard Ore Corp. as to 2,000,000 Shares. Both entities are controlled by Stephen Stewart.

## NUMBER OF DIRECTORS

The By-laws of the Company provide that the Company is authorized to appoint a minimum of one (1) and a maximum of eleven (11) directors. The board of directors of the Company (the "**Board**") currently consists of three directors. It is proposed that three directors be elected at the Meeting.

Shareholders will be asked to consider and, if deemed appropriate, to pass the following ordinary resolution (the "**Board Resolution**"):

**"BE IT RESOLVED that:**

the number of directors to be elected at the Meeting to hold office for the ensuing year or otherwise as authorized by the Shareholders of the Company be and is hereby fixed at three ."

In the absence of instructions to the contrary, the enclosed proxy will be voted for the Board Resolution.

## ELECTION OF DIRECTORS

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

The Company is required to have an audit committee (the "**Audit Committee**"). Members of this committee are as set out below.

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

<u>Name, Jurisdiction of Residence and Position</u>	<u>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</u>	<u>Previous Service as a Director</u>	<u>Number of Common Shares beneficially owned, controlled or directed, directly or indirectly<sup>(2)</sup></u>
Stephen Stewart <sup>(1)</sup> Toronto, Ontario Director, Chairman of the Board	CEO - Orefinders Resources Inc. and QC Copper and Gold	Since November 2021	10,900,000

<b>Name, Jurisdiction of Residence and Position</b>	<b>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</b>	<b>Previous Service as a Director</b>	<b>Number of Common Shares beneficially owned, controlled or directed, directly or indirectly<sup>(2)</sup></b>
Alex Stewart <sup>(1)</sup> Toronto, Ontario Director	Director - Orefinders Resources Inc. and QC Copper and Gold	Since November 2021	3,000,001
Charles Beaudry <sup>(1)</sup> Toronto, Ontario Director	VP Exploration and Director - QC Copper and Gold Director – Orefinders Resources Inc.	Since November 2021	1,833,333

**Notes:**

- (1) Member of the Audit Committee.  
(2) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Record Date, based upon information furnished to the Company by individual nominees. Unless otherwise indicated, such shares are held directly.  
(3) These Shares are held by San Corp. as to 8,900,000 Shares and by Standard Ore Corp. as to 2,000,000 Shares. Both entities are controlled by Stephen Stewart.

**CORPORATE CEASE TRADER ORDERS OR CORPORATE BANKRUPTCIES**

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

Except as set to immediately below, to the knowledge of the Company, no proposed Director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a Director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
- (i) was the subject, while the proposed Director was acting in the capacity as Director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed Director ceased to be a Director, CEO or CFO but which resulted from an event that occurred while the proposed Director was acting in the capacity as Director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a Director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed Director.

### Directorships

The proposed Directors of the Company hold Directorships in other reporting issuers as set out below:

Name of Director	Name of Other Reporting Issuer	Exchange	Title
Stephen Stewart	Orefinders Resources Inc.	TSXV	Director and CEO
	QC Copper & Gold	TSXV	Director and CEO
	Mistango River Resources Inc.	CSE	Director
	Baselode Energy Corp	TSXV	Director
	American Eagle Gold Corp.	TSXV	Director
Alexander Stewart	Orefinders Resources Inc.	TSXV	Director and Executive Chairman
	QC Copper & Gold	TSXV	Director and Executive Chairman
	Mistango River Resources Inc.	CSE	Director
	American Eagle Gold Corp.	TSXV	Director
Charles Beaudry	Orefinders Resources Inc.	TSXV	Director and VP Exploration
	QC Copper & Gold	TSXV	Director and VP Exploration
	Mistango River Resources Inc.	CSE	Director
	Baselode Energy Corp	TSXV	Director

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis ("**CD&A**") is to provide information about the Company's executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company's senior officers, being the two identified named executive officers (the "**NEOs**" or "**Named Executive Officers**"), in 2021. The NEOs who are the focus of the CD&A and who appear in the compensation tables below are: James Sykes, Chief Executive Officer ("**CEO**") of the Company, Kevin Canario, former Chief Financial Officer ("**CFO**") and Corporate Secretary of the Company.

Also disclosed are the Company's former NEOs, David Antony, former Chief Executive Officer of the Company, and Charidy Lazorko, and Jeffrey Potwarka former Chief Financial Officers of the Company.

The Company notes that it is in an exploration phase with respect to its properties and has had, and continues to operate with limited financial resources and control costs to ensure that funds are available to complete certain programs and otherwise fund its operations. The Board has to consider the current and anticipated financial position of the Company at the time of any compensation determination. The Board has attempted to keep the cash compensation paid to the Company's senior officers relatively modest, while providing long-term incentives through the granting of Options (as defined below).

The Company's compensation philosophy is based on the following fundamental principles:

- *Compensation programs align with shareholder interests* — the Company aligns the goals of executives with maximizing long-term shareholder value;
- *Performance sensitive* — compensation for executive officers should be linked to operating and market performance of the Company and fluctuate with the performance; and
- *Offer market competitive compensation to attract and retain talent* — the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest caliber.

The objectives of the compensation program in compensating all the Named Executive Officers will be developed based on the above-mentioned compensation philosophy and will be as follows:

- to attract and retain highly qualified executive officers;
- to align the interests of executive officers with shareholders' interests and with the execution of the Company's business strategy;
- to evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value; and
- to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

### **Board Oversight of Compensation**

Among its other duties, the Board is responsible for (i) overseeing the Company's human resources policies, executive compensation, management succession and development, and equity compensation plans, and (ii) ensuring that the Company's executive compensation policies and programs are competitive and reflect the long-term interest of the Company and its shareholders. Given the size of the Company and the number of directors on the Board, the Board has not delegated any of the above responsibilities to a committee of the Board and performs such functions itself. The members of the Board that deal with matters of executive compensation have had direct experience in such matters that is relevant to their responsibilities by virtue of their long-standing involvement with public companies and matters of executive compensation. In addition, each such member keeps abreast on a regular basis of trends and developments affecting executive compensation. In performing its duties, the Board has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

During the most recently completed financial year all of the members of the Board were considered to be independent pursuant to National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**") and will be considered to be independent if re-elected at the Meeting. In order to ensure that the process for determining executive compensation remains objective, the Board (i) requires that any executive directors remove themselves from any deliberations or determinations relating to their own compensation, (ii) seeks external, independent advice when requested or deemed appropriate by any member of the Board, and (iii) ensures that any decisions relating to the compensation of the executive directors are reviewed and approved by the independent members of the Board prior to finalization or implementation.

The Company does not anticipate making any significant changes to its compensation policies and practices in 2021.

### **Compensation Process**

The Board relies on its knowledge and experience to set appropriate levels of compensation for senior officers. The Company does not currently have any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of senior officer or director compensation.

The Board reviews the various elements of the NEOs' compensation in the context of the total compensation package (including base compensation and prior awards under the Company's stock option plan (the "**Stock Option Plan**") and determines the NEOs' compensation packages.

From time to time the Board grants Options as part of an officer's compensation or in recognition of the achievement of a particular goal or extraordinary service. The Board determines the particulars with respect to all options granted pursuant to the Stock Option Plan (each, an "**Option**"), including the exercise price of each Option awarded (see "*Securities Authorized for Issuance under Equity Compensation Plans*" for details regarding the Stock Option Plan).

The Board has considered the risk implications of the Company's compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices as such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing a NEO or a director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in compensation or held directly or indirectly, by the NEO or director, the Company is unaware of the purchase of any such financial instruments by any NEO or director.

## **Compensation Program**

### *Principles/Objectives of the Compensation Program*

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

### *Compensation Program Design and Analysis of Compensation Decisions*

Standard compensation arrangements for the Company's senior officers are composed of the following elements, which are linked to the Company's compensation and corporate objectives as follows:

<b><u>Compensation Element</u></b>	<b><u>Link to Compensation Objectives</u></b>	<b><u>Link to Corporate Objectives</u></b>
<b>Base Compensation</b>	Attract, retain and reward	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives.
<b>Stock Options</b>	Motivate, reward and align interests with shareholders	Long-term incentives motivate and reward senior officers to increase shareholder value through the achievement of long-term corporate strategies and objectives.

### *2021 Performance and Compensation*

The Company is an exploration stage mining company which has operated and continues to operate, with limited funds. The Company will not be generating revenues from operations in the foreseeable future. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Board to be appropriate in the evaluation of corporate or NEO performance. The compensation of senior officers is based, in substantial part, on trends in the mining industry as well as achievement of the Company's business plans. The Board did not establish any quantifiable criteria in 2021, with respect to base compensation payable or the amount of equity compensation granted to NEOs and did not benchmark against a peer group of companies.

## Base Compensation and Consulting Fees

The Company provides senior officers with base compensation paid to the CEO and the CFO pursuant to arrangements described under "Termination and Change of Control Benefits" below, which represent their minimum compensation for services rendered during the fiscal year. NEOs' base compensation depend on the scope of their experience, responsibilities, leadership skills, performance, length of service, general industry trends, practices and competitiveness and the Company's existing financial resources. Base compensation is reviewed annually by the Board. There were no changes to base compensation during 2021.

### Stock Options

Stock Options may be granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Company. Stock Options shall be awarded to directors and employees, including Named Executive Officers, at the Board's discretion, on the recommendation of the Compensation Committee. Decisions with respect to Stock Options granted are based upon the individual's level of responsibility and their contribution towards the Resulting Issuer's goals and objectives, and additionally may be awarded in recognition of the achievement of a particular goal or extraordinary service. The Compensation Committee considers outstanding Stock Options granted under the Option Plan and held by management in determining whether to make any new grants of Stock Options, and the quantum or terms of any Stock Options grant.

## Executive Compensation: Tables and Narrative

### Summary Compensation Table

The following table provides a summary of the compensation earned by the NEOs for services rendered in all capacities during the fiscal year ended December 31, 2021.

Name and Principal Position	Year	Salary (\$)	Share-based Awards <sup>(1)</sup> (\$)	Option-based Awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Longterm Incentive Plans			
James Sykes CEO	2021	7,500	Nil	170,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	177,500
Kevin Canario <sup>(3)</sup> CFO	2021	2,431	Nil	18,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	20,431
Jeff Potwarka <sup>(6)</sup> Former CFO	2021	4,000	Nil	36,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	40,000
David Antony <sup>(7)</sup> Former CEO	2021	Nil	Nil	32,500 <sup>(5)</sup>	Nil	Nil	Nil	Nil	32,500
Charidy Lazorko <sup>(7)</sup> Former CFO	2021	Nil	Nil	19,500 <sup>(5)</sup>	Nil	Nil	Nil	Nil	19,500

#### Notes:

- "Share-Based Award" means an award under an equity incentive plan of equity-based instruments that do not have option like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- "Option-Based Award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.

- (3) The grant date fair value of the options was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, share price of \$0.17, a risk-free interest rate of 1.56%, dividend yield of \$0 and an expected volatility of 100% based on industry average as sufficient historical data was not available for the Company's stock price. The Black-Scholes value assigned as \$0.12 per Option.
- (4) The grant date fair value of the options was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, share price of \$0.13, a risk-free interest rate of 1.22%, dividend yield of \$0 and an expected volatility of 100% based on industry average as sufficient historical data was not available for the Company's stock price. The Black-Scholes value assigned as \$0.09 per Option.
- (5) The grant date fair value of the options was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, share price of \$0.17, a risk-free interest rate of 1.45%, dividend yield of \$0 and an expected volatility of 100% based on industry average as sufficient historical data was not available for the Company's stock price. The Black-Scholes value assigned as \$0.13 per Option.
- (6) Mr. Canario was appointed CFO in the place of Mr. Potwarka on December 20, 2021. Mr Canario resigned as CFO effective May 2, 2022.
- (7) Mr. Antony and Ms. Lazorko resigned as officers on November 19, 2021.

## Incentive Plan Awards

The following table provides details regarding outstanding NEO option and share-based awards, as applicable, as at December 31, 2021:

Outstanding share-based awards and option-based awards								
Name	Year	Option-based Awards			Share-based Awards			
		Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Aggregate value of unexercised in-the-money Options (\$)	Number of shares or units 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 (\$)
James Sykes CEO	2021	1,000,000	0.20	November 19, 2026	N/A <sup>(1)</sup>	N/A	N/A	N/A
Kevin Canario <sup>(2)</sup> CFO	2021	200,000	0.20	December 20, 2026	N/A <sup>(1)</sup>	N/A	N/A	N/A
Jeff Potwarka <sup>(2)</sup> Former CFO	2021	300,000	0.20	March 20, 2022	N/A <sup>(1)</sup>	N/A	N/A	N/A
David Antony <sup>(3)</sup> Former CEO	2021	250,000	0.10	November 19, 2022	15,000 <sup>(1)</sup>	N/A	N/A	N/A
Charidy Lazorko <sup>(3)</sup> Former CFO	2021	150,000	0.10	November 19, 2022	9,000 <sup>(1)</sup>	N/A	N/A	N/A

### Notes:

- (1) Based on the December 31, 2021 closing price of \$0.16 per Common Share.
- (2) Mr. Canario was appointed CFO in the place of Mr. Potwarka on December 20, 2021.
- (3) Mr. Antony and Ms. Lazorko resigned as officers on November 19, 2021.

Please see "2021 Performance and Compensation - Stock Options" for a discussion of the Stock Option Plan and determinations of awards during 2021. Please see "Securities Authorized for Issuance under Equity Compensation Plans" for details regarding the Stock Option Plan.

## Incentive Plan Awards – Value Vested or Earned During the Year

For each NEO, the following table sets forth: (1) the value of option-based awards which vested or were earned during the financial year ended December 31, 2021, (2) the value of non-equity incentive plan compensation earned during the financial year ended December 31, 2021, and (3) the value of share-based awards which vested or were earned during the financial year ended December 31, 2021.

Name and Title	Option-Based Awards – Value of in-the-money vested during the year <sup>(1)</sup> (\$)	Non-Equity Incentive Compensation – Value earned during the year (\$)	Share-Based Awards – Value vested during the year <sup>(2)</sup> (\$)
James Sykes CEO	Nil	Nil	Nil
Kevin Canario <sup>(2)</sup> Former CFO	Nil	Nil	Nil
Jeff Potwarka <sup>(2)</sup> Former CFO	Nil	Nil	Nil
David Antony <sup>(3)</sup> Former CEO	15,000	Nil	Nil
Charidy Lazorko <sup>(3)</sup> Former CFO	9,000	Nil	Nil

**Notes:**

- (1) Based on the December 31, 2021 closing price of \$0.16 per Common Share.  
(2) Mr. Canario was appointed CFO in the place of Mr. Potwarka on December 20, 2021.  
(3) Mr. Antony and Ms. Lazorko resigned as officers on November 19, 2021.

**Director Compensation**

Directors of the Company who are not officers did not receive and were not entitled to receive any fees for their services in 2021, other than as set out below.

Directors may receive Option grants as determined by the Board. The exercise price of such Options is determined by the Board as described under "*Securities Authorized for Issuance under Equity Compensation Plans*".

Directors are also entitled to receive compensation, to the extent that they provided services to the Company, at rates that would otherwise be charged by such directors for such services to arm's length parties or less.

**Director Summary Compensation Table**

The following compensation table sets out the compensation paid to each of the Company's directors (other than any directors who are also NEOs) in the year ended December 31, 2021:

Name	Year	Fees earned (\$) (\$) <sup>(3)</sup>	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other Compensation (\$)	Total (\$)
Stephen Stewart	2021	62,500 <sup>(3)</sup>	Nil	360,000 <sup>(4)</sup>	Nil	Nil	Nil	422,500
Alex Stewart	2021	Nil	Nil	120,000 <sup>(4)</sup>	Nil	Nil	Nil	120,000
Charles Beaudry	2021	Nil	Nil	120,000 <sup>(4)</sup>	Nil	Nil	Nil	120,000
Trevor Wong-Chor, <sup>(6)</sup> Former Director	2021	Nil	Nil	13,000 <sup>(5)</sup>	Nil	Nil	Nil	13,000
Michael Bowie, <sup>(6)</sup> Former Director	2021	Nil	Nil	13,000 <sup>(5)</sup>	Nil	Nil	Nil	13,000

**Notes:**

- (1) "Share-Based Award" means an award under an equity incentive plan of equity-based instruments that do not have option like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.  
(2) "Option-Based Award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.  
(3) These amounts were paid to 2287957 Ontario Ltd., a company controlled by Stephen Stewart.  
(4) The grant date fair value of the options was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, share price of \$0.17, a risk-free interest rate of 1.56%, dividend yield of \$0 and an expected volatility of 100% based

on industry average as sufficient historical data was not available for the Company's stock price. The Black-Scholes value assigned as \$0.12 per Option.

- (5) The grant date fair value of the options was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, share price of \$0.17, a risk-free interest rate of 1.45%, dividend yield of \$0 and an expected volatility of 100% based on industry average as sufficient historical data was not available for the Company's stock price. The Black-Scholes value assigned as \$0.13 per Option.

Mr. Wong-Chor and Bowie resigned as Directors on November 19, 2021.

## Incentive Plan Awards

The following table provides details regarding the outstanding option and share based awards held by directors (other than any directors who are also NEOs) as at December 31, 2021:

Name	Outstanding share-based awards and option-based awards						
	Option-based Awards			Share-based Awards			
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Aggregate value of unexercised in-the-money Options (\$)	Number of shares or units 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 (\$)
Stephen Stewart	3,000,000	0.20	November 19, 2026	Nil <sup>(1)</sup>	N/A	N/A	N/A
Alex Stewart	1,000,000	0.20	November 19, 2026	Nil <sup>(1)</sup>	N/A	N/A	N/A
Charles Beaudry	1,000,000	0.20	November 19, 2026	Nil <sup>(1)</sup>	N/A	N/A	N/A
Trevor Wong-Chor, <sup>(2)</sup> Former Director	100,000	0.10	November 19, 2022	6,000 <sup>(1)</sup>	N/A	N/A	N/A
Michael Bowie, <sup>(2)</sup> Former Director	100,000	0.10	November 19, 2022	6,000 <sup>(1)</sup>	N/A	N/A	N/A

### Notes:

(1) Based on the December 31, 2021 closing price of \$0.16 per Common Share.

(2) Mr. Wong-Chor and Bowie resigned as Directors on November 19, 2021.

Please see "Securities Authorized for Issuance under Equity Compensation Plans" for details regarding the Stock Option Plan.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup> (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(2)</sup> (c)
Equity compensation plans approved by securityholders	8,300,000	0.19	4,743,999
Equity compensation plans not approved by securityholders	Nil	0.19	N/A
Total			

### Notes:

(1) Represents the number of Common Shares available for issuance upon exercise of outstanding stock options as at December 31, 2021.

- (2) Represents the number of Common Shares remaining available for future issuance under stock options available for grant as of December 31, 2021 under the Stock Option Plan. The maximum number of Common Shares which may be issued pursuant to stock options granted under the Stock Option Plan is 13,043,999, representing 20% of the issued and outstanding Common Shares at the time of approval of the Stock Option Plan (assuming completion of the Qualifying Transaction).

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

Except as disclosed in the Company's 2021 audited consolidated financial statements, as at the Record Date, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

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

- (a) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (b) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

in relation to a securities purchase program or other program.

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

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

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

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

### **APPOINTMENT OF AUDITORS**

The shareholders will be asked to vote for the appointment of McGovern Hurley LLP, Chartered Professional Accountants, of Toronto, Ontario, to hold office until the next annual general meeting of shareholders. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of McGovern Hurley LLP, Chartered Professional Accountants to hold office for the ensuing year. McGovern Hurley LLP, Chartered Professional Accountants have been the auditors of the Company since November 2021.

### **MANAGEMENT CONTRACTS**

No management functions of the Company are performed to any substantial degree by a person other than the Directors or executive officers of the Company. See "*Termination and Change of Control Benefits*" for

disclosure on the existing management contracts between the Company and certain Directors or officers of the Company.

## **AUDIT COMMITTEE**

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

The Audit Committee of the Board operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this Information Circular as Schedule "A". The current and proposed members of the Audit Committee are: Mr. Stephen Stewart, Mr. Alex Stewart and Mr. Beaudry, all of whom are considered "financially literate" within the meaning of National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"). Each of the members of the audit committee are considered to be "independent", within the meaning of NI 52-110. In considering criteria for the determination of financial literacy, the Board looks at the ability to read and understand financial statements that present the range and level of complexity of accounting issues that are generally comparable to those issues that can be reasonably expected to be raised by the Company's financial statements.

### **Relevant Education and Experience**

The following sets out the education and experience of each director relevant to the performance of his duties as a member of the Audit Committee. Each of the current members of the Audit Committee has occupied positions requiring him to be active in financial matters in the past and as such obtained experience in performing his responsibilities as a member of the Company's Audit Committee.

**Stephen Stewart, MSc., MBA**, is a member of the Audit Committee. Mr. Stewart has over 13 years of financial experience as a Director and senior officer with Canadian public companies and with a large Canadian Pension Fund.

Mr. Stewart holds a BA from the Western University, an MBA from the University of Toronto's Rotman School of Management and a M.Sc. from the University of Florida's Hough Graduate School of Business.

Mr. Stewart's work experience, together with his two finance focused Masters degrees, gives him an excellent understanding of financial reporting and a well-qualified member of the Company's Audit Committee.

### **Alexander Stewart, LLB/JD**

Mr. Stewart has over 50 years of experience in the practice of corporate and securities law and natural resource investments. He has been a director of numerous public companies on various exchanges including Nasdaq, AMEX, TSX and TSXV. For the last fifteen years he has focused exclusively on the mining and metals sector and has been instrumental in sourcing, funding and developing high-quality mineral assets in North and South America. In the past he was the founder, seed financier and principal behind a number of mining projects including the Cote Lake Project, acquired by IAMGOLD in 2012 and the Eagle One polymetallic project now owned by Noront Resources.

Mr. Stewart holds a Bachelor of Arts degree from Western University, a Juris Doctor degree from the University of Toronto Law School and a Diploma, LCE, from the University of Madrid.

**Charles Beaudry**, is a member of the Audit Committee. Mr. Beaudry has a Master of Science degree and extensive experience managing a number of private and public companies. Mr. Beaudry was country manager in Brazil for Noranda-Falconbridge, a large mineral development company during which time He was responsible for all business, accounting and financial activities in Brazil, reporting to the Director of South American Exploration based in Santiago, Chile.

Mr. Beaudry was on the Audit Committee of Excalibur Resources Inc. (now renamed Metalla Royalty and Streaming Ltd.) and is a member of the audit committee of Mistango River Resources Inc.

Mr. Beaudry holds a Bachelor of Science in Geology from the University of Ottawa and a Master of Geology from McGill University.

Given the scope and the nature of the Company's business, its financial statements and the accounting issues arising therefrom are relatively uncomplicated. Based on the foregoing, it is the Board's conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

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

### **Pre-Approval Policies and Procedures**

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

### **External Auditors Service Fees (By Category)**

The aggregate fees billed by the Company's external auditors for the fiscal years since incorporation for audit fees are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees<sup>(1)</sup></u>	<u>Audit Related Fees<sup>(2)</sup></u>	<u>Tax Fees<sup>(3)</sup></u>	<u>All Other Fees<sup>(4)</sup></u>
2021	\$33,000	Nil	Nil	Nil

**Notes:**

- (1) "Audit Fees" include the aggregate fees billed in each financial year for audit fees.
- (2) "Audit Related Fees" include the aggregate fees in each financial year for assurance and related services to the performance of the audit or review of the Company's financial statements not already disclosed under "Audit Fees"
- (3) "Tax Fees" are the aggregate fees billed by the auditor for tax compliance, tax advice and tax planning.
- (4) "All Other Fees" include aggregate fees billed for products or services not already reported in the above table.

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

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

## **CORPORATE GOVERNANCE DISCLOSURE**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Company's shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of

the Company. The Board is committed to sound corporate governance practices which are both in the interests of its shareholders and contribute to effective and efficient decision making. The Company believes that its corporate governance practices ensure that the business and affairs of the Company are effectively managed to enhance shareholder value. Set out below is a description of the corporate governance practices of the Company as required by NI 58-101 concerning corporate governance disclosure.

## **Disclosure of Corporate Governance Practices**

### **Mandate of the Board**

The Board has responsibility for the stewardship of the Company. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board is also responsible for the approval of all major transactions, including equity issuances, acquisitions and dispositions, as well as the Company's debt and borrowing policies. The Board strives to ensure that actions taken by management correspond closely with the objectives of the Board and the shareholders.

The Board believes that it functions independently of management. To enhance its ability to act independently of management, the Board reviews its procedures on an ongoing basis to ensure that it can function independently of management. The Board meets, as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in NI 58-101, the Board intends to convene meetings of independent directors in the future, at which non-independent directors and members of management are not in attendance as may be deemed necessary.

### **Composition of the Board**

Pursuant to NI 58-101, a director is independent if the director has no direct or indirect material relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the issuer by virtue of their position or relationship with the Company. The Board is currently comprised of three members, all of whom are standing for re-election at the Meeting. Assuming the management nominees are elected at the Meeting, the Board will be comprised of three (3) members, all of whom the Board has determined will be independent. In assessing whether a director is independent for these purposes, the circumstances of each director have been examined in relation to a number of factors.

### **Risk Management**

The Board is responsible for adoption of a strategic planning process, identification of principal risks and implementing risk management systems, succession planning and the continuous disclosure requirements of the Company under applicable securities laws and regulations.

The Audit Committee is responsible for the risk management items set out in the Audit Committee charter.

### **Directorships**

The proposed Directors of the Company hold Directorships in other reporting issuers. See "*Directorships*".

### **Orientation and Continuing Education**

The Company does not have a formal process of orientation for new directors. However, the Board conducts a discussion of the role of the Board and its directors as well as the business of the Company at

its Board meetings to ensure new directors are provided with an overview of the Board's role and the Company's operations. From time to time, corporate officers and legal, financial and other experts are invited to attend Board meetings to describe matters in their areas of expertise.

Given the size of the Company and the in-depth experience of the current directors, there has been no formal continuing education program. Board members are entitled to attend seminars that they determine necessary to keep themselves up-to-date with current issues relevant to their services as directors of the Company.

### **Ethical Business Conduct**

The Board has not yet adopted a written ethical business conduct code for directors, officers and employees of the Company. In circumstances where a director or executive officer has a material interest in a transaction or agreement which the Company is considering entering into, the individual is required to fully disclose his or her interest therein and an ad hoc committee of disinterested directors is appointed for review purposes to confirm, among other things, that such transaction or agreement, as applicable, is being entered into on arm's length commercially reasonable terms. Such committee has the right to obtain advice from the Company's counsel and other professional advisors and/or appoint independent counsel and/or advisors.

The Board has adopted a whistleblower policy that specifically addresses the Company's commitment to integrity and ethical behaviour. The policy establishes procedures that allow employees of the Company to confidentially and anonymously submit their concerns to the Chair of the Audit Committee.

### **Nomination of Directors**

The Board has not appointed a formal nominating committee. However, any member of the Board is free to recommend additional members, as required, and the Board will consider such recommendations as a whole. Until a committee is formed, the Board, as a whole will, be responsible for assessing the effectiveness of the Board, the committees of the Board and the contribution of individual directors, taking into account the competencies and skills that the Board as a whole should possess as well as the competencies and skills that each director should possess.

### **Compensation**

Given the size of the Board and the stage of development of the Company, the Board has not had and does not currently intend to establish a compensation committee. The Board sets the level of compensation for directors and senior management. See "Executive Compensation" in this Information Circular.

### **Board Committees**

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

### **Assessments**

Based upon the Company's size, its current state of development and the number of individuals on the Board, the Board considers a formal process for regularly assessing the effectiveness and contribution of the Board, as a whole, the Audit Committee or individual directors to be unnecessary at this time. Considering the fact that the Board and the Audit Committee meet on numerous occasions during each year, each director has significant opportunity to assess other directors to ensure that the Board as a whole, and its individual directors, are performing effectively. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Amendment to Option Plan**

The Company's Option Plan is a 20% fixed option plan and reserves 13,043,999 Common Shares for issuance pursuant to Stock Options. As at the date hereof, there are 8,300,000 Shares reserved for issuance pursuant to stock options issued under the Option Plan, 5,400,000 of which are held by Insiders (defined below).

If the shareholders do not approve the amendments to the Option Plan contemplated here at the Meeting, the Company will continue to grant awards (stock options) under the Option Plan up to the previous cap of 13,043,999 Options.

The Company has a total of 83,022,464 Common Shares outstanding. The new 20% fixed total is 16,604,492 Common Shares. The Company will seek shareholder approval to increase the number of Common Shares available under the Option Plan to match the current 20% calculation of the Common Shares outstanding.

In connection with certain changes and amendments to Policy 4.4 – *Security Based Compensation* ("Policy 4.4") of the TSXV, as amended from time to time, introduced on November 24, 2021, the option and ability to exercise stock options on both a Cashless Exercise and Net Exercise basis was authorized by the TSXV. The Company wishes to amend the Option Plan and Predecessor Options as specified in the resolution below to permit the exercise on both a Cashless Exercise and Net Exercise basis (the "Option Plan Amendments"), which resolution must be approved by a majority of the votes cast by the disinterested shareholders of the Company on the resolution. A copy of the amended and restated Option Plan (blacklined to the existing Option Plan) is attached hereto as Schedule "B".

In connection with a Cashless Exercise, a brokerage firm will loan money to a participant under the Option Plan to purchase Common Shares underlying the options and will sell a sufficient number of Common Shares to cover the exercise price of such options in order to repay the loan made to the participant and the participant retains the balance of the Common Shares. In connection with a Net Exercise, a participant under the Option Plan would receive Common Shares equal in value to the difference between the exercise price and the fair market value of the Common Shares on the date of exercise, computed in accordance with the Option Plan.

In accordance with the policies of the TSXV, the approval of the Option Plan Amendments will require disinterested common shareholder approval, being the approval of a majority of the votes cast by shareholders at the Meeting excluding Insiders and any Associates and Affiliates thereof (as such terms are defined in the policies of the TSXV). An "Insider" includes all directors and senior officers of the Company and its subsidiaries and any person who beneficially owns or controls, directly or indirectly, more than 10% of the issued and outstanding Common Shares; "Associates" includes an individual's spouse, children and any relative who lives in the same residence as such person; and "Affiliates" means a company that is affiliated with another company. As of the date of this Circular, "Insiders" and "Associates" and "Affiliates" thereof that are prohibited from voting on the resolution in respect of the Option Plan Amendments hold an aggregate of 13,133,333 Common Shares, representing approximately 16% of the issued and outstanding Common Shares of the Company, which shares will be excluded for the purposes of determining whether the Option Plan Amendments are approved. The Option Plan Amendments are also subject to approval by the TSXV.

**Accordingly, at the Meeting, shareholders are asked to consider and, if thought advisable, approve an ordinary resolution in the following form:**

**"BE IT RESOLVED THAT:**

1. the Option Plan, as described in the Circular, including the Option Plan Amendments and for the grant of up to 16,604,492 Options thereunder in accordance therewith, is hereby ratified, confirmed and approved and shall continue and remain in effect until further ratification is required pursuant to the rules of the TSXV or other applicable regulatory requirements;
2. the maximum number of Common Shares reserved for issuance under the Share Compensation Plan shall be no more than 16,604,492 issued and outstanding share capital at the time of any Option award or grant;
3. the Company is hereby authorized and directed to issue such Common Shares pursuant to the Option Plan as fully paid and non-assessable Common Shares;
4. any one director or officer of the Company be and is hereby authorized to make any changes to the Option Plan, as may be required or permitted by the TSXV; and
5. any one director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this ordinary resolution.”

**To be passed, the above ordinary resolution must be approved by a majority of the aggregate votes cast by the disinterested holders of Common Shares at the Meeting.**

**Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the approval of the Option Plan Amendments. The directors of the Company recommend that shareholders vote in favour of the approval of the Option Plan Amendments. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting by disinterested shareholders.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available electronically on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information will be provided in the Company's audited consolidated financial statements and Management's Discussion and Analysis for the financial years ended December 31, 2021. Copies of the Company's financial statements and related Management's Discussion and Analysis will also available upon written request from the Corporate Secretary of the Company at 1805 — 55 University Avenue, Toronto, ON M5J 2H7.

#### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 31st day of May, 2022.

APPROVED BY THE BOARD OF DIRECTORS

"James Sykes"  
**James Sykes**  
Chief Executive Officer

## SCHEDULE A AUDIT COMMITTEE CHARTER

### 1. Role and Objective

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Rider 2 Investment Capital Corp. (the “**Corporation**”) to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board of Director approval, the audited financial reports and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiary, are as follows:

- (a) To assist directors to meet their responsibilities in respect of the preparation and disclosure of the financial reports of the Corporation and related matters.
- (b) Provide an open avenue of communication among the Corporation’s auditors, financial and senior management, and the Board.
- (c) To ensure the external auditors’ independence and review and appraise their performance.
- (d) To increase the credibility and objectivity of financial reports.
- (e) To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management, and external auditors.

### 2. Composition

The Committee shall be comprised of at least three directors as determined by the Board, the majority of whom shall be independent directors as defined in National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) and pursuant to the policies of the Exchange. “Independent” generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment.

All the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being “financially literate” means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements. For the purposes of these audit committee terms of reference (“**Terms of Reference**”), the definition of “financially literate” is the ability to read and understand a set of financial reports that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation’s financial reports.

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

### 3. Meetings

The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor.

The Chief Executive Officer and the Chief Financial Officer or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.

The Controller, Treasurer and/or such other staff as appropriate to provide information to the Committee shall attend meetings upon invitation by the Committee.

#### **4. Mandate and Responsibilities**

To fulfill its responsibilities and duties, the Committee shall:

- (a) undertake annually a review of this mandate and make recommendations to the Corporate Governance Committee as to proposed changes;
- (b) satisfy itself on behalf of the Board with respect to the Corporation's internal control systems, including, where applicable, relating to derivative instruments:
  - (i) identifying, monitoring and mitigating business risks; and
  - (ii) ensuring compliance with legal and regulatory requirements;
- (c) review the Corporation's financial reports, management discussion and analysis ("MD&A"), any annual earnings, interim earnings and press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial reports), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors; the process should include but not be limited to:
  - (i) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial reports;
  - (ii) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - (iii) reviewing accounting treatment of unusual or non-recurring transactions;
  - (iv) ascertaining compliance with covenants under loan agreements;
  - (v) reviewing financial reporting relating to asset retirement obligations;
  - (vi) reviewing disclosure requirements for commitments and contingencies;
  - (vii) reviewing adjustments raised by the external auditors, whether or not included in the financial reports;
  - (viii) reviewing unresolved differences between management and the external auditors;

- (ix) obtain explanations of significant variances with comparative reporting periods; and
  - (x) determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;
- (d) review the financial reports and related information included in prospectuses, MD&A, information circular-proxy statements and annual information forms, prior to Board approval;
- (e) with respect to the appointment of external auditors by the Board:
- (i) require the external auditors to report directly to the Committee;
  - (ii) review annually the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Corporation;
  - (iii) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation and confirming their independence from the Corporation;
  - (iv) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
  - (v) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (vi) review management's recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and the compensation of the external auditors;
  - (vii) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;
  - (viii) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
  - (ix) take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors; and
  - (x) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial reports;
- (f) review all public disclosure containing audited or unaudited financial information before release;
- (g) review financial reporting relating to risk exposure;

- (h) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial reports and periodically assess the adequacy of those procedures;
- (i) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- (j) review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial reports of the Corporation and its subsidiaries;
- (k) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors and consider the impact on the independence of the auditors; the pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent (5%) of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee;provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee;
- (l) review any other matters that the Audit Committee feels are important to its mandate or that the Board chooses to delegate to it;
- (m) with respect to the financial reporting process:
  - (i) in consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external;
  - (ii) consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
  - (iii) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management;
  - (iv) review significant judgments made by management in the preparation of the financial reports and the view of the external auditors as to appropriateness of such judgments;
  - (v) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of

the audit, including any restrictions on the scope of work or access to required information;

- (vi) review any significant disagreement among management and the external auditors regarding financial reporting;
- (vii) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (viii) review the certification process;
- (ix) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (x) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

## **5. Authority**

- (a) Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).
- (b) Supporting schedules and information reviewed by the Committee shall be available for examination by any director.
- (c) The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.
- (d) The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.

## SCHEDULE B OPTION PLAN

### 1. PURPOSE

The purpose of this stock option plan (the “**Plan**”) of **Metal Energy Corp.** (the “**Company**”), a corporation incorporated under the *Business Corporation Act* (Ontario), is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Company (the “**Shares**”), thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

### 2. IMPLEMENTATION AND ANNUAL APPROVAL

The Plan shall be approved by the Board of Directors and shareholders of the Company at the time it is implemented.

### 3. ADMINISTRATION

The Plan shall be administered by the Board of Directors of the Company or by a special committee of the directors appointed from time to time by the Board of Directors of the Company pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Company, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the Board.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into hereunder, to define the terms used in the Plan and in all option agreements entered into hereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option (“**Option**”) to purchase a Share granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Company and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each Option granted by the Company prior to the date of the approval of the Plan by the shareholders of the Company, including Options granted under previously approved stock option plans of the Company, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Company.

### 4. STOCK EXCHANGE RULES

All Options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares of the Company are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

### 5. SHARES SUBJECT TO PLAN

Subject to adjustment as provided in Section 19 hereof, the Shares to be offered under the Plan shall consist of Shares of the Company's authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall be fixed at 16,604,492 Shares and shall not exceed 20% of the issued and outstanding Shares of the Company as of June 28, 2022. If any Option granted hereunder is settled in cash, cancelled, terminated, expired, surrendered, or forfeited for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

“**Security Based Compensation**” has the meaning ascribed to “security based compensation” in Policy 4.4 – Security Based Compensation of the TSX Venture Exchange, as amended from time to time.

**“Share Compensation Arrangement”** has the meaning ascribed to “security based compensation arrangements” in Part VI of the Company Manual of the Toronto Stock Exchange (the **“TSX”**), as amended from time to time.

## **6. MAINTENANCE OF SUFFICIENT CAPITAL**

The Company shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

## **7. ELIGIBILITY AND PARTICIPATION**

Directors, officers, consultants, and employees of the Company or its subsidiaries, and employees of a person or company which provides management services to the Company or its subsidiaries (**“Management Company Employees”**) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as **“Participants”**). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective Option agreements, the time or times at which such Options shall be granted and vested, and the number of Shares to be subject to each Option. No Option may be granted or issued unless the Option is allocated to a particular Participant. In the case of employees or consultants of the Company or Management Company Employees, the Option agreements to which they are party must contain a representation of the Company and Participant that such employee, consultant or Management Company Employee, as the case may be, is a *bona fide* employee, consultant or Management Company Employee of the Company or its subsidiaries.

A Participant who has been granted an Option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange and terms hereof, be granted an additional Option or Options if the Board shall so determine.

## **8. EXERCISE PRICE**

- (a) Options may be exercised at a price that shall be fixed by the Board at the time that the Option is granted (the **“Exercise Price”**). No Option shall be granted with an Exercise Price at a discount to the market price. The market price shall be the closing price of the Shares on the Exchange on the first day preceding the date of grant on which at least one board lot of Shares traded.
- (b) Once the Exercise Price has been determined by the Board, accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Board approval, provided that in the case of Options held by Insiders (as defined in the policies of the Exchange) of the Company, the Exercise Price of an Option may be reduced only if disinterested shareholder approval is obtained.

## **9. NUMBER OF OPTIONED SHARES**

- (a) The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall be fixed at 16,604,492 and shall not exceed 20% of the issued and outstanding Shares of the Company as of June 28, 2022 (unless the Company has obtained the requisite disinterested shareholder approval), subject to the following additional limitations:
  - (i) the aggregate number of Shares issuable pursuant to all Security Based Compensation granted to any one Participant (and companies wholly owned by that Participant) in a twelve (12) month period must not exceed 5% of the issued and outstanding Shares, calculated on the date the Security Based Compensation is granted or issued to the Participant (unless the Company has obtained the requisite disinterested shareholder approval);

- (ii) the maximum number of Shares reserved for issuance pursuant to all Security Based Compensation granted to Insiders (as a group) must not exceed 10% of the issued and outstanding Shares at any point in time (unless the Company has obtained the requisite disinterested shareholder approval);
  - (iii) the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of Security Based Compensation must not exceed 10% of the issued and outstanding Shares, calculated as at the date the Security Based Compensation is granted or issued to any Insider (unless the Company has obtained the requisite disinterested shareholder approval);
  - (iv) the aggregate number of Security Based Compensation granted to any one Consultant, within a twelve (12) month period, must not exceed 2% of the issued and outstanding Shares, calculated as at the date the Security Based Compensation is granted or issued to the Consultant; and
  - (v) the aggregate number of Options granted to all persons employed to provide investor relation activities shall not exceed 2% of the issued and outstanding Shares of the Company in any twelve (12) month period, calculated as at the date an Option is granted or issued to any such person. Options granted to persons retained to perform investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3 month period.
- (b) The number of Shares subject to an Option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an Option which exceeds the maximum number permitted by the Exchange.
  - (c) Consultants performing investor relations activities may not receive any Security Based Compensation other than stock options.

#### **10. DURATION OF OPTION**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the Option agreement and shall be subject to earlier termination as provided in Sections 15 and 16, provided that in no circumstances shall the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Company is listed on the TSX Venture Exchange, the maximum term may not exceed 10 years from the date of grant (subject to extension where the expiry date falls within a Black Out Period, as defined herein).

Should the expiry date of an Option fall within a Black Out Period or within nine (9) business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth (10<sup>th</sup>) business day after the expiry of the Black Out Period, such tenth (10<sup>th</sup>) business day to be considered the expiry date for such Option for all purposes under the Plan. The ten (10) business day period referred to in this paragraph may not be extended by the Board.

**“Black Out Period”** means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Company pursuant to any internal trading policy of the Company as a result of the *bona fide* existence of undisclosed material information. The internal trading policy of the Company is in respect of a restriction on trading that is in effect at that time or a notice in writing to a Participant by a senior officer or director of the Company. The Black Out Period shall expire following the general disclosure of the undisclosed material information.

#### **11. HOLD PERIOD**

All Options are subject to Exchange hold periods where applicable. A 4-month hold period (commencing on the date the Options are granted) is required for Options granted to Insiders or granted at any discount to the market price.

## 12. OPTION PERIOD, CONSIDERATION AND PAYMENT

- (a) The Option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the Option period shall be reduced with respect to any Option as provided in Sections 15 and 16 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Company or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist. For greater certainty, no Option shall vest before one year from date of issuance or grant.
- (c) Acceleration of vesting is permitted in connection with Participant's death or where Participant ceases to be an eligible Participant in connection with a change of control, take-over bid, reverse take-over or other similar transaction. There shall be no acceleration of the vesting provisions to Options issued to persons employed to provide investor relation activities without prior Exchange acceptance.
- (d) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option period. To the extent required by the Exchange, no Options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.
- (e) Except as set forth in Sections 15 and 16, no Option may be exercised unless the Participant is at the time of such exercise, a director, officer, consultant, or employee of the Company or any of its subsidiaries, or a Management Company Employee of the Company or any of its subsidiaries.
- (f) The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise ("**Option Exercise Notice**"), specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised (subject to Section 21(a)). No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Company unless and until the certificates for Shares issuable pursuant to Options under the Plan are issued to him or them under the terms of the Plan.

## 13. CASHLESS EXERCISE

Without limiting the foregoing Section 12(f), unless otherwise determined by the Board or not compliant with any applicable laws or rules of any applicable securities exchange or market, a Participant may elect cashless exercise in its Option Exercise Notice. In such case, the Participant will not be required to deliver to the Company a cheque or other form of payment for the aggregate Exercise Price referred to above. Instead the following provisions will apply:

- (a) The Participant will instruct a broker selected by the Participant to sell through the stock exchange or market on which the Shares are listed or quoted, sufficient number of Shares issuable on the exercise of Options to cover the Exercise Price, as soon as possible upon the issue of such Shares to the Participant at the then applicable bid price of the Shares.
- (b) Before the relevant trade date, the Participant will deliver the Option Exercise Notice including details of the trades to the Company electing the cashless exercise and the Company will direct its registrar and transfer agent to issue a certificate for such Participant's Shares in the name of the broker (or as the broker may otherwise direct) for the number of Shares issued on the exercise of the Options, against payment by the broker to the Company of (i) the Exercise Price for such Shares; and (ii) the amount the Company determines, in its discretion, is required to satisfy the Company withholding tax and source deduction remittance obligations in respect of the exercise of the Options and issuance of Shares.

#### **14. NET EXERCISE**

Subject to prior approval by the Board, a Participant may elect to surrender for cancellation to the Company any vested Options being exercised and the Company will issue to the Participant, as consideration for the surrender of such Options, that number of Shares (rounded down to the nearest whole Share) on a net issuance basis in accordance with the following formula below:

$$X = \frac{Y(A - B)}{A}$$

where:

X = The number of Shares to be issued to the Participant in consideration for the net exercise of the Options under this Section 14;

Y = The number of vested Options with respect to the vested portion of the Option to be surrendered for cancellation;

A = The volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such securities trade for the five trading days immediately preceding the exercise of the subject Option; and

B = The Exercise Price for such Options.

Persons employed to provide investor relation activities shall not use the Net Exercise provisions as defined in this Section 14 to exercise Options.

#### **15. CEASING TO BE A DIRECTOR, OFFICER, CONSULTANT OR EMPLOYEE**

If a Participant shall cease to be a director, officer, consultant, employee of the Company, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his Option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation, subject to extension at the discretion of the Board.

Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Company or of any of its subsidiaries or affiliates.

#### **16. DEATH OF PARTICIPANT**

Notwithstanding Section 12, in the event of the death of a Participant, the Option previously granted to him shall be exercisable only within the one year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

#### **17. RIGHTS OF OPTIONEE**

No person entitled to exercise any Option granted under the Plan shall have any of the rights or privileges of a shareholder of the Company in respect of any Shares issuable upon exercise of such Option until certificates representing such Shares shall have been issued and delivered.

## **18. PROCEEDS FROM SALE OF SHARES**

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

## **19. ADJUSTMENTS**

If the outstanding Shares of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company or another Company or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of Options, or the exercise price per share as set forth in the respective Option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section 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 Share shall be required to be issued under the Plan on any such adjustment.

## **20. TRANSFERABILITY**

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant, any benefits, rights and Options may only be exercised by the Participant.

## **21. WITHHOLDING TAXES**

The Company shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the optionee to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Company may, in its sole discretion:

- (a) deduct and withhold additional amounts from other amounts payable to a optionee;
- (b) require, as a condition of the issuance of Shares to an optionee, that the optionee make a cash payment to the Company equal to the amount, in the Company's opinion, required to be withheld and remitted by the Company for the account of the optionee to the appropriate governmental authority and the Company, in its discretion, may withhold the issuance or delivery of Shares until the optionee makes such payment; or
- (c) sell, on behalf of the optionee, all or any portion of Shares otherwise deliverable to the optionee until the net proceeds of sale equal or exceed the amount which, in the Company's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the optionee.

## **22. AMENDMENT AND TERMINATION OF PLAN**

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may not amend this Plan or issuances of Options without prior Exchange acceptance and shareholder approval where applicable. For greater certainty, without limitation, amendments to any of the following provisions of the Plan will be subject to shareholder approval:

- (a) persons eligible to be granted or issued Options under the Plan;
- (b) the maximum number or percentage, as the case may be, of listed shares that may be issuable under the Plan;

- (c) the limits under the Plan on the amount of Options that may be granted or issued to any one person or any category of persons (such as, for example, Insiders);
- (d) the method for determining the exercise price of the Options;
- (e) the maximum term of the Options;
- (f) the expiry and termination provisions applicable to the Options, including the addition of a blackout period;
- (g) the addition of a Net Exercise provision; and
- (h) any method or formula for calculating prices, values or amounts under the Plan that may result in a benefit to a Participant, including but not limited to the formula for calculating the appreciation of a Stock Appreciation Right (as defined in the policies of the Exchange).

Notwithstanding the foregoing, the following types of amendments to the Plan are not subject to shareholder approval:

- (a) amendments to fix typographical errors; or
- (b) amendments to clarify existing provisions of the Plan which does not have the effect of altering the scope, nature and intent of such provisions.

Where shareholder approval is sought for amendments to reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option, the votes attached to Shares held directly or indirectly by Insiders benefiting from the amendments will be excluded.

Disinterested shareholder approval must be obtained for any reduction in the exercise price of an Option, or the extension of the term of an Option, if the Participant is an Insider of the Company at the time of the proposed amendment.

### **23. NECESSARY APPROVALS**

The ability of a Participant to exercise Options and the obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Company and any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such Shares shall terminate and any Option exercise price paid to the Company will be returned to the Participant.

### **24. EFFECTIVE DATE OF PLAN**

The Plan has been adopted by the Board of the Company subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

### **25. INTERPRETATION**

Terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Company Manual of the TSX.

### **26. GOVERNING LAW**

This Plan will be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein.