

**CANADIAN NORTH RESOURCES INC.**  
**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**JUNE 19, 2025**

**MANAGEMENT INFORMATION CIRCULAR**

**SOLICITATION OF PROXIES**

The information contained in this circular is furnished in connection with the solicitation by management of CANADIAN NORTH RESOURCES INC. (the “**Corporation**”) of proxies to be used at the Annual and Special Meeting of the Shareholders of the Corporation (the “**Meeting**”) to be held on Thursday, the 19<sup>th</sup> day of June, 2025 at 10:00 o'clock in the forenoon (Mississauga time) at the place and for the purposes set forth in the accompanying Notice of Annual and Special Meeting (“**Notice of Meeting**”) and at any adjournment thereof. The information contained in this Management Information Circular is given as at May 15, 2025, unless otherwise stated.

**The solicitation of proxies is made on behalf of the management of the Corporation.** The costs incurred in the preparation and mailing of the form of proxy, Notice of Meeting and this Management Information Circular will be borne by the Corporation. In addition to the use of mails, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation, who will not be remunerated therefor. The cost of the solicitation will be borne by the Corporation.

**APPOINTMENT AND REVOCATION OF PROXIES**

**A Shareholder has the right to appoint a person or company (who need not be a shareholder) to represent him at the Meeting other than the persons designated in the enclosed proxy form** and may do so either by inserting the name of his chosen nominee in the space provided for that purpose on the form and striking out the other names on the form, or by completing another proper form of proxy. In any case, the form of proxy should be dated and executed by the shareholder or his attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

To be effective, the proxy must be mailed so as to reach or be deposited with Odyssey Trust Company (i) by mail using the enclosed return envelope; or (ii) by hand delivery to Odyssey Trust Company, 702 – 67 Yonge St., Toronto, ON, M5E 1J8. You may vote by Internet using the 12-digit control number located at the bottom of your proxy at the website address shown on the form of proxy. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the beginning of the Meeting or any adjournment thereof.

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

## VOTING OF PROXIES

All of the persons named in the enclosed form of proxy, who are officers and directors of the Corporation, have indicated their willingness to represent as proxy the shareholder who appoints them. Each shareholder may instruct his proxy how to vote his shares by completing the blanks on the proxy form.

**Unless otherwise instructed in the proxy form, the proxy will be voted in respect of the election of directors and the appointment of auditors, and in favour of any proposed resolution as set forth under “Particulars of Matters to Be Acted Upon.”**

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

## ADVICE TO BENEFICIAL SHAREHOLDERS

The Corporation is not using “notice-and-access” (as defined in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”)) to send their proxy-related materials to the shareholders of the Corporation.

**Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting;** however, in many cases, Common Shares of the Corporation beneficially owned by a person are registered either: (i) in the name of an intermediary (an “**Intermediary**”) (which may include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans); or (ii) in the name of a clearing agency, which in Canada, in the vast majority of cases, is CDS & Co. (the registration name for The Canadian Depository for Securities).

Shareholders who hold their Common Shares of the Corporation through an Intermediary are referred to herein as **Beneficial Owners**.

Under NI 54-101, Beneficial Owners are either:

- (i) “non-objecting beneficial owners” or “**NOBOs**”, who are Beneficial Owners who do not object to the disclosure by the Intermediary of ownership information about the Beneficial Owner; or
- (ii) “objecting beneficial owners” or “**OBOs**”, who are Beneficial Owners who object to the disclosure by the Intermediary of ownership information about the Beneficial Owner.

The Corporation is sending the Meeting materials (including the Notice of Meeting, this Management Information Circular and proxy-related materials) directly to NOBOs and has appointed Odyssey Trust Company (the “**Agent**”) as its agent for this purpose.

Included in the Meeting materials is a voting instruction form (“**VIF**”) sent by the Agent which requests instructions from the Beneficial Owner regarding voting of Common Shares to be voted at the Meeting. In the case of NOBOs resident in foreign jurisdictions, an Intermediary VIF, referred to below, is sent on behalf of the Intermediary holding the Common Shares on behalf of the Beneficial Owner.

Beneficial Owners are requested to complete and return the VIF at the address set forth in the VIF. Alternatively, Beneficial Owners can vote on the Internet or by toll free telephone, by following the instructions in the VIF.

The following disclosure is made pursuant to NI 54-101: “These security holder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.”

If the Beneficial Owner is an OBO or a NOBO resident in a foreign jurisdiction, included in the Meeting materials is a voting information form (“**Intermediary VIF**”) sent on behalf of the Intermediary holding the Common Shares on behalf of the Beneficial Owner. The Intermediary VIF requests instructions from the Beneficial Owner regarding voting of Common Shares to be voted at the Meeting. Beneficial Owners are requested to complete and return the Intermediary VIF at the address set forth in the Intermediary VIF. Alternatively, Beneficial Owners can vote on the Internet or by toll free telephone, by following the instructions in the Intermediary VIF.

The Corporation intends to pay for Intermediaries to forward to OBOs the proxy-related materials and the Intermediary VIF.

If the Beneficial Owner wishes to attend the Meeting and vote in person, or if the Beneficial Owner wishes to appoint another person to attend the Meeting and vote on behalf of the Beneficial Owner, the Beneficial Owner must insert the name of the Beneficial Owner or other person in the space provided in the VIF or the Intermediary VIF, as applicable, sign and date same, and mail same at the address set forth in the VIF or the Intermediary VIF. Alternatively, the Beneficial Owner or other person may be designated on the Internet by following the instructions in the VIF or the Intermediary VIF, as applicable. Unless prohibited by law, the person whose name is written in the space provided in the VIF or the Intermediary VIF will have full authority to present matters to the Meeting and, provided that the voting section of the VIF or Intermediary VIF is not filled in, vote on all matters that are presented at the Meeting, even if those matters are not set out in the VIF or the Intermediary VIF or this Management Information Circular. The Beneficial Owner should consult a legal advisor if the Beneficial Owner wishes to modify the authority of that person in any way.

All references to shareholders in this Management Information Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to registered shareholders who produce proof of their identity.

## VOTING SHARES

The Corporation's issued and outstanding voting shares consist of 114,325,317 Common Shares. Holders of Common Shares are entitled to one vote at the Meeting for each Common Share held.

The directors have fixed the close of business on May 15, 2025 as the record date for the Meeting. Only shareholders of record as at the close of business on May 15, 2025 are entitled to receive notice of and to attend and vote at the Meeting, except that a transferee of shares acquired after that date shall be entitled to vote at the Meeting if such transferee produces properly endorsed certificates for such shares or otherwise establishes ownership of such shares and has demanded not later than 10 days before the Meeting that the name of such transferee be included in the list of shareholders entitled to vote at the Meeting.

## QUORUM

Two shareholders entitled to vote at the Meeting, present or represented by proxy, constitute a quorum.

## PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of the Corporation, the following are the only persons or companies who beneficially own, or control or direct, directly or indirectly voting securities carrying 10% or more of the voting rights attached to all outstanding voting securities of the Corporation:

<u>Name of Shareholder</u>	<u>Type of Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage of Common Shares</u>
The Lee Quan Shim Family Trust <sup>(1)</sup>	Direct	12,750,000	11.15%
1560240 Ontario Ltd. <sup>(2)</sup>	Direct	15,000,000	13.12%
KRE Developments Co. Ltd. <sup>(3)</sup>	Direct	45,623,179	39.91%

Notes:

- (1) Lee Q. Shim, the Chairman and a director of the Corporation, is the sole trustee of this trust. Mr. Shim directly owns 465,319 Common Shares representing 0.41% of the outstanding Common Shares of the Corporation.
- (2) This corporation is wholly-owned by Kai Hui Yang Family Trust, of which Kaihui Yang, the President, Chief Executive Officer and a director of the Corporation, is the sole trustee.
- (3) 835703 Ontario Ltd. (wholly-owned by Lee Q. Shim, the Chairman and a director of the Corporation) and Aier Wang, a director of the Corporation, each own 50% of the issued shares of KRE Developments Co. Ltd.

## STATEMENT OF EXECUTIVE COMPENSATION

The following information is provided in accordance with Form 51-102F6V - Statement of Executive Compensation Venture Issuers, for the financial year ended December 31, 2024.

### **General**

The purpose of the following is to provide information about the Corporation's philosophy, objectives and processes regarding compensation of the Corporation's directors and for the following executive officers of the Corporation (referred to herein as "**Named Executive Officers**"):

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

The Named Executive Officers of the Corporation during the last completed fiscal year of the Corporation commencing January 1, 2024 and ending on December 31, 2024 ("**Fiscal 2024**") were Kaihui Yang, the President and the Chief Executive Officer of the Corporation, and Carmelo Marrelli, the Chief Financial Officer of the Corporation.

The following individuals served as directors of the Corporation during Fiscal 2024: Lee Q. Shim, Kaihui Yang, Aier Wang, Richard Brown (until November 1, 2024) Henderson Tse (from November 14, 2024) and Michael Weeks.

### **Director and Named Executive Officer Compensation**

#### *Director and Named Executive Officer Compensation, Excluding Stock Options and Other Compensation Securities*

The following table sets forth information concerning the total compensation (other than as set forth under *Stock Options and Other Compensation Securities*) paid to all persons who were Named Executive Officers or directors during the past two fiscal years.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and Position	Fiscal Year Ended December 31	Salary, Consulting Fee, Retainer or Commission <sup>(1)</sup> (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites <sup>(7)</sup> (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Kaihui Yang <sup>(1)</sup>	2023	\$280,000	Nil	Nil	N/A	Nil	\$280,000
<i>Director, President and Chief Executive Officer</i>	2024	\$320,000	Nil	Nil	N/A	Nil	\$320,000
Carmelo Marrelli <sup>(2)</sup>	2023	\$74,396	Nil	Nil	N/A	Nil	\$74,396
<i>Director and Chief Financial Officer</i>	2024	\$57,435	Nil	Nil	N/A	Nil	\$57,435
Lee Q. Shim <sup>(3)</sup>	2023	\$72,000	Nil	Nil	N/A	Nil	\$72,000
<i>Director and Chairman of the Board of Directors</i>	2024	\$72,000	Nil	Nil	N/A	Nil	\$72,000
Aier Wang	2023	\$Nil	Nil	Nil	N/A	Nil	\$Nil
<i>Director</i>	2024	\$Nil	Nil	Nil	N/A	Nil	\$Nil
Richard Brown <sup>(4)</sup>	2023	\$Nil	Nil	Nil	N/A	Nil	\$Nil
<i>Director</i>	2024	\$Nil	Nil	Nil	N/A	Nil	\$Nil
Michael Weeks	2023	\$Nil	Nil	Nil	N/A	Nil	\$Nil
<i>Director</i>	2024	\$Nil	Nil	Nil	N/A	Nil	\$Nil
Henderson Tse <sup>(5)</sup>	2024	\$Nil	Nil	Nil	N/A	Nil	\$Nil
<i>Director</i>							
Trevor Boyd <sup>(6)</sup>	2023	\$160,000	Nil	Nil	N/A	Nil	\$160,000
<i>Vice-President</i>							

**Note:**

- (1) Mr. Yang was paid through his consulting company, 1635298 Ontario Ltd., pursuant to a consulting agreement with the Corporation.
- (2) Mr. Marrelli was paid through his consulting company, Marrelli Support Services Inc., pursuant to a consulting agreement with the Corporation.
- (3) Mr. Shim was paid through his consulting company, Kingsville Property Holdings Ltd., pursuant to a management agreement with the Corporation.
- (4) Mr. Brown resigned as a director on November 1, 2024.
- (5) Mr. Tse was elected as a director on November 14, 2024.
- (6) Mr. Boyd resigned as Vice-President on December 31, 2023.
- (7) The value of perquisites is required to be disclosed if the value exceeds \$15,000 where the annual salary is \$150,000 or less or if the value exceeds 10% of the annual salary where the annual salary is greater than \$150,000 but less than \$500,000.

### *External Management Companies*

Mr. Yang and Mr. Marrelli are not employees of the Corporation. They provide their services through the companies described in notes (1) and (2) under Table of Compensation Excluding Compensation Securities.

### *Stock Options and Other Compensation Securities*

No compensation securities were granted or issued to any director or named executive officer by the Corporation in the financial year ending December 31, 2024 for services provided or to be provided, directly or indirectly, to the Corporation

### *Stock Option Plans and Other Incentive Plans*

The Corporation maintains a stock option plan (the “**Stock Option Plan**”).

The Stock Option Plan provides that the board of directors may allocate non-transferable options to purchase Common Shares of the Corporation to Directors, Officers, Employees, Management Company Employees and Consultants, as defined in the policies of the TSX Venture Exchange (the “**Exchange Policies**”) of the Corporation and its subsidiaries. Under the Stock Option Plan, the aggregate number of Common Shares to be delivered upon the exercise of all options granted under the Stock Option Plan, together with all of the Corporation’s other security based compensation plans, shall not exceed 10% of the issued Common Shares of the Corporation at the time of granting the options; unless the Corporation has obtained disinterested shareholder approval as provided for in the Exchange Policies, no individual shall, during any 12 month period, be granted an option which exceeds 5% of the issued and outstanding Common Shares of the Corporation at the time of granting of the option; no Consultant to the Corporation shall, during any 12 month period, be granted an option which exceeds 2% of the issued and outstanding Common Shares of the Corporation at the time of granting of the option; no Employee conducting investor relations activities for the Corporation shall, during any 12 month period, be granted an option which exceeds 2% of the issued and outstanding Common Shares of the Corporation at the time of granting of the option; and the exercise price can only be at such price permitted by the Exchange Policies. Options under the Stock Option Plan are non-assignable (except in the event of death) and may be exercisable for a term of up to ten years. If the expiry date of the option falls within a blackout period, or within nine business days following the expiration of a blackout period, the expiry date of the option is automatically extended to the tenth business day after the end of the blackout period. If an optionee ceases to be a Director, Officer, Employee Management Company Employee or Consultant for any reason (other than for cause or other than for death), the option shall terminate within a reasonable period not to exceed 12 months (as fixed in the agreement evidencing the option) next succeeding the optionee ceasing to be in at least one of the foregoing categories. The option shall terminate immediately if the optionee’s position is terminated for cause or if the optionee is removed as a director. The option shall terminate within one year after the death of the optionee. The board of directors may, at its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

### Employment, Consulting and Management Agreements

There are no management functions of the Corporation that are to any substantial degree performed by a person or Corporation other than the directors or Named Executive Officers of the Corporation, except those referred to in notes (1), (2) and (3) under the Table of Compensation Excluding Compensation Securities.

### Oversight and Description of Directors and Named Executive Officers Compensation

#### Compensation of Named Executive Officers:

The board of directors, upon annual review by the Compensation and Nominating Committee, sets the compensation received by Named Executive Officers so as to: properly reflect their respective duties and responsibilities; be competitive in attracting, retaining and motivating people of the highest quality; align the interests of the Chief Executive Officer and the Chief Financial Officer with shareholders and the Corporation as a whole; be based on established corporate and individual performance objectives; and not encourage the taking of inappropriate or excessive risks.

Pursuant to the Corporation's stock option plan, the board of directors, at its discretion, determines all grants of stock options to Named Executive Officers.

#### Compensation of Directors:

The board of directors, upon annual review by the Compensation and Nominating Committee, sets the compensation received by directors. Each director is eligible to receive stock options granted pursuant to the Corporation's stock option plan.

### Pension Disclosure

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information with respect to securities to be issued upon the exercise of outstanding options, warrants and rights granted pursuant to equity compensation plans of the Corporation as at the financial year ended December 31, 2024:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	3,514,000	\$1.88	7,918,531
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	3,514,000	\$1.88	7,918,531

#### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Corporation or its subsidiaries, or any proposed nominee for election as a Director of the Corporation, nor any associate of any such director, executive officer or proposed nominee, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation or any of its subsidiaries.

#### MANAGEMENT CONTRACTS

The Corporation has not entered into an agreement or arrangement under which management functions of the Corporation or any of its subsidiaries are to any substantial degree to be performed by a person or company other than by the directors or senior officers of the Corporation or its subsidiaries, except as described in notes (1), (2) and (3) under the Table of Compensation Excluding Compensation Securities – *Director and Named Executive Officer Compensation*.

#### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of the Corporation is not aware of any material interests, direct or indirect, of any “informed person” (as defined in National Instrument 51-102) of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director of the Corporation in any transaction since the commencement of the last completed financial year of the Corporation, or in any proposed transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

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

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer since the beginning of the Corporation's last financial year, of any proposed nominee for election as a director, or of any associate or affiliate of such director, executive officer or proposed nominee in any matter to be acted upon, other than the approval of the Stock Option Plan.

## CORPORATE GOVERNANCE

National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, sets out a series of guidelines for effective corporate governance. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. The corporate governance practices of the Corporation are set out below.

The Board has appointed a Health, Safety, Environment, Social Responsibility, and Corporate Governance Committee (the “**Corporate Governance Committee**”). The Corporate Governance Committee has been constituted to assist the Board in respect of the development and the monitoring of the Corporation's approach to health, safety, environment and social respectability, and corporate governance.

The Corporate Governance Committee consists of Michael Weeks, Henderson Tse and Kaihui Yang.

The Board has appointed a Compensation and Nominating Committee which is responsible for developing an orientation or training program for the Board members, identifying potential Board members, recommending the remuneration of the directors, the Chief Executive Officer and the Chief Financial Officer and developing assessment procedures with regard to the effectiveness of the Board, the committees and individual directors.

The Compensation and Nominating Committee consists of Aier Wang, Michael Weeks, and Lee Q. Shim.

### **Board of Directors**

The Board consists of five directors, three of whom are independent based upon the tests for independence set forth in NI 52-110. Henderson Tse, Michael Weeks and Aier Wang are independent. Lee Q. Shim is not independent as he is the Chairman of the Corporation. Kaihui Yang is not independent as he is President and Chief Executive Officer of the Corporation.

The independent directors have full access to management. The independent directors are able to meet at any time without the non-independent director being present. Two of the independent directors are also on the Audit Committee and are able to meet with the Corporation's auditors without management or the non-independent member of the Audit Committee being in attendance.

#### **Directorship**

The following directors of the Corporation are directors of other reporting issuers or the equivalent:

<b>Director</b>	<b>Other Reporting Issuer</b>
Michael Weeks	Angkor Resources Corp. – TSXV
Aier Wang	Aidigong Maternal & Child Health Limited – Hong Kong Stock Exchange

#### **Orientation and Continuing Education**

The Compensation and Nominating Committee is responsible for developing an orientation or training program for new Board members. As required, new directors will have the opportunity to become familiar with the Corporation by meeting with the other directors and with officers. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board. Board members are encouraged to communicate with management and auditors and technical consultants if required. Board members have full access to the Corporation's records.

#### **Ethical Business Conduct**

The Board has adopted a written Code of Business Conduct and Ethics (the “**Code**”) for directors, officers and employees.

The Corporation has adopted a Whistle Blower Policy which establishes a procedure for any person to report any concern regarding compliance with guidelines set out in the Code, as well as any concern regarding illegal behaviour, questionable accounting, internal accounting controls or auditing related matters involving the Corporation.

A copy of the Code can be accessed on the Corporation’s website at [www.cnresources.com](http://www.cnresources.com) and on the SEDAR+ website <https://www.sedarplus.ca/landingpage/>.

#### **Nomination of Directors**

The Compensation and Nominating Committee has the responsibility for identifying potential Board members. The Compensation and Nominating Committee also will make recommendations to the Board as to the appropriate size and composition of the Board, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience. If the Board decides that new board members are needed, the Board will assess potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

### **Compensation of the Directors and Chief Executive Officer**

The Board is responsible for approving compensation, including long-term incentives in the form of stock options, to be granted to the Chief Executive Officer, the Chief Financial Officer and the directors. The Compensation and Nominating Committee is responsible to periodically review and recommend to the Board for approval, the remuneration of the directors, the Chief Executive Officer and the Chief Financial Officer.

### **Board Committees**

The Corporation does not have any committees other than the Audit Committee, the Corporate Governance Committee, and the Compensation and Nominating Committee.

### **Assessments**

The Compensation and Nominating Committee is responsible to develop for approval by the Board procedures for assessing the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each individual director.

## **AUDIT COMMITTEE**

### **Audit Committee**

#### **Audit Committee Charter**

The full text of the charter of the Audit Committee is attached as Appendix “A” to this Management Information Circular.

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

The members of the Corporation's audit committee are:

Henderson Tse	Independent <sup>(1)</sup>	Financially literate <sup>(2)(3)</sup>
Michael Weeks	Independent <sup>(1)</sup>	Financially literate <sup>(2)(4)</sup>
Lee Q. Shim	Not Independent <sup>(1)</sup>	Financially literate <sup>(2)(5)</sup>

Notes:

- (1) A member of an audit committee is considered to be independent if the member is not an executive officer, employee, or control person of the Corporation. Lee Q. Shim is not independent by virtue of being the Chairman of the Corporation.
- (2) An individual is considered to be financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by a corporation's financial statements.
- (3) Henderson Tse is financially literate by virtue of his experience as set forth under “*Election of Directors*”.
- (4) Michael Weeks is financially literate by virtue of his experience as set forth under “*Election of Directors*”.
- (5) Lee Q. Shim is financially literate by virtue of his experience as set forth under “*Election of Directors*”.

## External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by MNP LLP, for the years ended December 31, 2023 and December 31, 2024 to the Corporation to ensure auditor independence. Fees billed for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

<b>Nature of Services</b>	<b>Fees Billed by Auditor for the Year Ended December 31 2024</b>	<b>Fees Billed by Auditor for the Year Ended December 31 2023</b>
Audit Fees <sup>(1)</sup>	\$84,500.00	\$74,250.00
Audit-Related fees <sup>(2)</sup>	\$Nil	\$Nil
Tax Fees <sup>(3)</sup>	\$Nil	\$Nil
All Other Fees <sup>(4)</sup>	\$5,915.00	\$5,197.50
<b>TOTAL:</b>	<b>\$90,415.00</b>	<b>\$79,447.50</b>

Notes:

- (1) "Audit fees" include fees necessary to perform the annual audit of the Corporation's financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements.
- (2) "Audit-related fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include fees for all tax services other than those included in the "audit fees" and "audit-related fees". This assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include all other non-audit services.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those matters set forth in the accompanying Notice of Meeting, more particularly described as follows:

### **Financial Statements**

At the Meeting, shareholders will receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2024, along with the auditor's report thereon. No vote by the shareholders with respect thereto is required or proposed to be taken.

National Instrument 51-102, Continuous Disclosure Obligations, requires that the Corporation send annually to registered holders and beneficial owners of its securities a request form to allow shareholders to elect to receive a copy of the Corporation's annual financial statements and management discussion and analysis for the annual financial statements, the interim

financial reports and management discussion and analysis for the interim financial reports, or both.

Shareholders are encouraged to review and, if action is desired, indicate in the enclosed proxy form or Request for Financial Statements whether they would like to receive the financial statements and management discussion and analysis referred to above.

### **Election of Directors**

The affairs of the Corporation are managed by a board of directors who are elected annually to hold office until the next annual meeting or until a director's successor is elected or appointed.

The number of directors to be elected at the Meeting has been fixed by the Board at five and accordingly, five directors are to be elected at the Meeting.

The Board has adopted a policy stipulating that if the "WITHHOLD" votes in respect of the election of a director nominee at the Meeting represent more than the "FOR" votes, the nominee will submit his or her resignation to the Board immediately after the Meeting, for the consideration of the Compensation and Nominating Committee (the "**Nominating Committee**").

The Nominating Committee will consider such resignation and will make a recommendation to the Board after reviewing the matter as to whether to accept it or not, having regard to all matters it deems relevant. The Board will consider the Nominating Committee's recommendation within 90 days of the Meeting. In considering the Nominating Committee's recommendation, the Board will consider the factors considered by the Nominating Committee and such additional information and factors that the Board considers to be relevant. The resignation will be effective when accepted by the Board. A news release will promptly be issued announcing the Board's determination in respect thereof. If the Board determines not to accept the resignation, the news release will fully state the reasons for that decision.

A director who tenders his/her resignation pursuant to the policy will not participate in the Board's or Nominating Committee's consideration regarding whether to accept the tendered resignation. Otherwise, until the resignation is accepted, the director may continue to act as a director.

The policy does not apply in circumstances involving contested director elections.

At the Meeting, Shareholders will be asked to vote "FOR" OR "WITHHOLD" on the proposed directors set forth below, to hold office until the next annual meeting of shareholders or until each director's successor is duly elected or appointed in accordance with the *Business Corporations Act* (Ontario). There are presently five (5) directors of the Corporation, all of whom have been nominated for re-election at the Meeting.

It is the intention of the management designees, if named as proxy, to vote "FOR" the election of the following persons to the Board unless otherwise directed. Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for

any reason any of the proposed nominees do not stand for election or is unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless a shareholder has specified in their proxy that their Common Shares are to be withheld from voting on the election of directors.

In the following table and notes thereto is stated the name of each person proposed by management for election as a director, the person's province or state and country of residence, the person's positions and offices with the Corporation, if any, the person's principal occupation or employment, the person's period or periods of service as a director of the Corporation and the number of Common Shares of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by the person as of the date hereof:

Name and Municipality of Residence	Director Since	Office or Position with the Corporation	Principal Occupation during the past five years	Common Shares Held
Lee Q. Shim* Richmond Hill, Ontario	Nov. 23, 2020	Chairman and Director	President and Chief Executive Officer of Lee Li Holdings Inc., an investment company in various industries.	12,750,000 <sup>(1)</sup> 465,319 <sup>(2)</sup>
Kaihui Yang Scarborough, Ontario	Nov. 23, 2020	President, Chief Executive Officer and Director	Geologist and Consultant, Zijin Mining, Zhaojin Mining; President and Chief Executive Officer of the Corporation since November 23, 2020.	15,000,000 <sup>(3)</sup>
Aier Wang Dongquan, China	Nov. 23, 2020	Director	Executive Director of Guangdong Grandee Investment Group Co. Ltd., an investment company in various industries.	Nil <sup>(4)</sup>
Henderson Tse * Toronto, Ontario	Nov. 14, 2024	Director	Owner of Henderson Tse CPA Professional Corporation.	128,000
Michael Weeks * Sexsmith, Alberta	March 1, 2021	Director	Executive Chairman of Angkor Resources Corp., an exploration and mining company.	105,000

\* Member of the Audit Committee

Notes:

- (1) These shares are owned by The Lee Quan Shim Family Trust, of which Mr. Shim is the sole trustee. Mr. Shim wholly owns 835703 Ontario Ltd. which owns 50% of the issued shares of KRE Developments Co. Ltd. which in turn owns 45,623,179 Common Shares of the Corporation
- (2) These shares are held directly by Lee Q. Shim.
- (3) These shares are owned by 1560240 Ontario Ltd. which is wholly-owned by the Kaihui Yang Family Trust, of which Kaihui Yang is the sole trustee.
- (4) Aier Wang owns 50% of the issued shares of KRE Developments Co. Ltd., which in turn owns 45,623,179 Common Shares of the Corporation.

The directors will hold office until the close of the next annual general meeting of shareholders, unless such office is earlier vacated by the death or resignation of the director or by removal or disqualification in accordance with the *Business Corporations Act* (Ontario).

The information as to principal occupation and shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective nominee.

To the knowledge of management of the Corporation, no proposed director is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that: (i) while that person was acting in that capacity was the subject of a cease trade order or an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under Canadian securities legislation (any such order referred to as an “**Order**”), for a period of more than 30 consecutive days; or (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial.

To the knowledge of management of the Corporation, no proposed director is or has been during the ten years prior to the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of management of the Corporation, no proposed director, during the ten years prior to the date hereof, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold assets of the proposed director.

To the knowledge of the management of the Corporation, no proposed director has been subject to: (i) 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **Appointment and Remuneration of Auditors**

It is intended to vote the proxy solicited hereby (unless the shareholder directs therein that his shares be withheld from voting in the appointment of auditors) to appoint the firm of MNP LLP, Calgary, Alberta, as auditor of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration. MNP LLP was first appointed auditor on August 24, 2020.

### **Approval of Stock Option Plan**

Pursuant to the Exchange Policies, the Corporation’s Stock Option Plan must receive shareholder approval annually.

Attached as Appendix “B” to this Management Information Circular is a copy of the Corporation’s Stock Option Plan.

Set forth below is the resolution to be submitted to the shareholders in relation to approving the Stock Option Plan. The resolution must be passed by a majority of the votes cast by holders of Common Shares who vote in respect of the resolution. The resolution is as follows:

**“BE IT RESOLVED that the Stock Option Plan (the “Plan”) of the Corporation, pursuant to which the Board of Directors of the Corporation may allocate non-transferable options to purchase Common Shares of the Corporation to Directors, Officers, Employees, Management Company Employees and Consultants, as defined in the Plan, be and the same is hereby ratified and approved.”**

### **Normal Course Issuer Bids**

On April 5, 2024, the Corporation announced that it had filed with the TSX Venture Exchange a Notice of Intention to Make a Normal Course Issuer Bid (the “Bid”) to acquire up to an aggregate of 5,726,380 of the Corporation’s Common Shares over a 12-month period representing approximately 5% of the issued and outstanding Common Shares of the Corporation. The Bid commenced on April 10, 2024 and terminated on April 9, 2025.

In the opinion of the Board, the market price of the Common Shares of the Corporation did not accurately reflect the value of those shares. As a result, the Corporation repurchased its Common Shares that became available for purchase at prices, which make them an appropriate use of funds of the Corporation.

Purchases subject to the Bid were carried out pursuant to open-market transactions through the facilities of the TSX Venture Exchange. The Member through which the Bid was conducted is Ventum Financial Corp, Calgary, Alberta. All Common Shares purchased under the Bid were cancelled.

On April 24, 2025, the Corporation announced that it had filed with the TSX Venture Exchange a Notice of Intention to Make a Normal Course Issuer Bid (the “Bid”) to acquire up to an aggregate of 5,716,265 of the Corporation’s Common Shares over a 12-month period representing approximately 5% of the issued and outstanding Common Shares of the Corporation. The Bid commenced on April 28, 2025 and will terminate on April 27, 2026.

In the opinion of the Board, the market price of the Common Shares of the Corporation does not accurately reflect the value of those shares. As a result, the Corporation intends to repurchase its Common Shares that may become available for purchase at prices, which make them an appropriate use of funds of the Corporation.

Purchases subject to the Bid are carried out pursuant to open-market transactions through the facilities of the TSX Venture Exchange. The Member through which the Bid is conducted is Ventum Financial Corp, Calgary, Alberta. All Common Shares purchased under the Bid will be cancelled.

Shareholders may obtain a copy of the Notice of Intention To Make A Normal Course Issuer Bid, without charge, by contacting the Corporation at 299 Courtneypark Dr. E., Mississauga, Ontario, L5T 2T6 (Phone number: 1-888-688-8809).

### **Other Matters**

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If other matters come before the Meeting it is the intention of the individuals named in the form of proxy to vote the same in accordance with their best judgment in such matters.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available through the System for Electronic Document Analysis and Retrieval (“**SEDAR+**”) through the Internet at <https://www.sedarplus.ca/landingpage/>.

Financial information relating to the Corporation is provided in the Corporation’s comparative financial statements and management’s discussion and analysis for its most recently completed financial year and is available on SEDAR+. A shareholder may contact the Corporation at 299 Courtneypark Drive East, Mississauga, Ontario, L5T 2T6; Telephone (905-696-8288) to request copies of the Corporation’s most recent financial statements and management’s discussion and analysis.

Dated:        May 15, 2025

## Appendix “A”

# AUDIT COMMITTEE CHARTER

### Role and Objectives

The Audit Committee is a committee of the board of directors to which the board of directors has delegated its responsibility for oversight of the financial reporting process and related matters. The objectives of the Audit Committee are as follows:

1. To help directors meet their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters.
2. To provide communication between directors and external auditors.
3. To enhance the external auditor's independence.
4. To increase the credibility and objectivity of financial reports.
5. To strengthen the role of the outside directors by facilitating discussions between directors on the committee, management and external auditors.

### Membership of the Audit Committee

1. The Committee shall be comprised of at least 3 directors, and the Committee as a whole shall meet the independence requirements set forth in National Instrument 52-110 – *Audit Committee*.
2. The Committee shall have the power to appoint its chairman, who shall be an independent director.

### Meetings

1. At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.
2. A quorum for meetings of the Committee shall be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the board.
3. Meetings of the Committee should be scheduled to take place at least four times per year. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.
4. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

5. Minutes of all meetings of the Committee shall be taken.
6. The Committee shall forthwith report the results of the meetings and review undertaken and any associated recommendations to the Board.

### **Mandate and Responsibilities of the Audit Committee**

The Committee shall:

1. recommend to the board of directors the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
2. recommend to the board of directors the compensation of the external auditor;
3. assume direct responsibility for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's 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;
4. pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor;
5. review the Corporation's financial statements, management discussion & analysis and annual and interim earnings press releases before the Corporation publicly discloses this information;
6. be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure stated immediately above and periodically assess the adequacy of those procedures;
7. establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
8. review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation; and
9. review such other matters of a financial nature as may be directed by the Board from time to time.

## Appendix “B”

# CANADIAN NORTH RESOURCES INC. STOCK OPTION PLAN

### 1. Purpose

The purpose of the Stock Option Plan (the “**Plan**”) of Canadian North Resources Inc. (the “**Corporation**”) is to advance the interests of the Corporation and each subsidiary of the Corporation by encouraging the Directors, Officers, Employees, Management Company Employees and Consultants of the Corporation and its subsidiaries to acquire shares in the Corporation, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and its subsidiaries and furnishing them with additional incentive in their efforts on behalf of the Corporation and its subsidiaries.

### 2. Definitions

Unless otherwise defined in this Plan, all capitalized words shall have the meanings ascribed thereto in the policies of the TSX Venture Exchange Inc. (the “**Exchange**”), as such policies are from time to time amended or varied (the “**Policies**”).

### 3. Administration

The Plan shall be administered by the board of directors of the Corporation. A majority of the board of directors 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 directors.

Subject to the provisions of the Plan, the board of directors shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, 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 of directors shall be binding and conclusive on the Optionees and on their legal personal representatives and beneficiaries.

Notwithstanding the foregoing or any other provision contained herein, the board of directors shall have the right to delegate the administration and operation of the Plan, in whole or in part, to a committee of the board of directors or to the President or any other officer of the Corporation. Whenever used herein, the term “board of directors” shall be deemed to include any committee or officer to which the board of directors has, fully or partially, delegated responsibility and/or authority relating to the Plan or the administration and operation of the Plan pursuant to this Section 3.

Each option granted hereunder shall be evidenced by an agreement, signed on behalf of the Corporation and by the Optionee, in such form as the directors shall approve. Each such agreement shall recite that it is subject to the provisions of the Plan.

#### **4. Shares Subject to Plan**

Subject to adjustment as provided in Section 15 hereof, the shares to be offered under the Plan shall consist of shares of the Corporation's authorized but unissued common shares (the "Shares"). The aggregate number of Shares to be delivered upon the exercise of all options granted under the Plan, together with all of the Corporation's other Security Based Compensation Plans, shall not exceed 10% of the issued Shares of the Corporation as at the time of granting of options. If any option granted hereunder shall expire or terminate for any reason without having been exercised in full, the un-purchased Shares subject thereto shall again be available for the purpose of the Plan.

#### **5. Maintenance of Sufficient Capital**

The Corporation 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.

#### **6. Eligibility and Participation**

Directors, Employees and Consultants of the Corporation and its subsidiaries shall be eligible for selection to participate in the Plan. The board of directors 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 the number of Shares to be subject to each option. An Optionee may, if such Optionee is otherwise eligible, and if permitted under the Policies, be granted an additional option or options if the directors shall so determine.

For options granted to Employees, Consultants or Management Company Employees, the Corporation and the Optionee shall be responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

#### **7. Exercise Price**

The exercise price of the Shares covered by each option shall be determined by the directors. The exercise price shall be not less than the price permitted by the Policies.

#### **8. Number of Optioned Shares**

The number of Shares subject to an option to an Optionee shall be determined in the resolution of the board of directors, provided that:

- (a) unless the Corporation has obtained disinterested shareholder approval as provided for in the Policies, the aggregate number of options granted to any one Person (and Companies wholly owned by that Person) in a 12 month period

shall not exceed 5% of the issued Shares of the Corporation, calculated on the date an option is granted to the Person;

- (b) the aggregate number of options granted to any one Consultant in a 12 month period shall not exceed 2% of the issued Shares of the Corporation, calculated at the date an option is granted to the Consultant;
- (c) the aggregate number of options granted to Persons retained to provide Investor Relations Activities must not exceed 2% of the issued Shares of the Corporation in any 12 month period, calculated at the date an option is granted to any such Person. In addition, options issued to Consultants retained to provide Investor Relations Activities must vest in stages over 12 months with no more than  $\frac{1}{4}$  of the options vesting in any three month period and there shall be no acceleration of such vesting provisions without the prior written approval of the Exchange;
- (d) unless the Corporation has obtained disinterested shareholder approval as provided for in the Policies, no option shall be granted to an Insider if such grant could result in the Insiders (as a group) being granted, within a 12 month period, options to purchase an aggregate number of Shares exceeding 10% of the issued Shares of the Corporation, calculated at the date an option is granted to an Insider; and
- (e) unless the Corporation has obtained disinterested shareholder approval as provided for in the Policies, the aggregate number of Shares reserved for issuance under options granted to Insiders (as a group) at any point in time shall not exceed 10% of the issued Shares of the Corporation.

### **9. Duration of Option**

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreements and shall be subject to earlier termination as provided in Sections 11, 12 and 15.

### **10. Option Period, Blackout Period, Consideration and Payment**

- (a) The period within which such option shall be exercised (the “**Option Period**”) shall be a period of time fixed by the board of directors, not to exceed ten (10) years from the date the option is granted, provided that the Option Period shall be extended with respect to any option as provided in paragraph (b) and shall be reduced with respect to any option as provided in Sections 11, 12 and 15.
- (b) “**Blackout Period**” means the period during which an Optionee is prohibited from exercising an option due to trading restrictions imposed by the Corporation pursuant to the internal trading policies of the Corporation respecting restrictions on trading that is in effect at that time.

If the expiry date of an option falls within a Blackout Period or within nine business days following the expiration of a Blackout Period, such expiry date of the option shall be automatically extended without any further act or formality to that date which is the

tenth business day after the end of the Blackout Period, such tenth business day to be considered the expiry date for such option for all purposes under the Plan provided that:

- (i) the Blackout Period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information. For greater certainty, in the absence of the Corporation formally imposing a Blackout Period, the expiry date of any options will not be automatically extended in any circumstances;
  - (ii) the Blackout Period must expire upon the general disclosure of the undisclosed Material Information and the expiry date of the option can be extended to no later than ten (10) business days after the expiry of the Blackout Period; and
  - (iii) the automatic extension of an Optionee's options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under Securities Laws) in respect of the Corporation's securities.
- (c) An option shall vest and may be exercised (in each case to the nearest full share) during the Option Period in such manner as the board of directors may fix by resolution. Options which have vested may be exercised in whole or in part at any time and from time to time during the Option Period.
- (d) The exercise of any option shall be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque, bank draft, or such other form of payment as shall be accepted by the Corporation, for the full purchase price of such Shares with respect to which the option is exercised, plus the amount of any withholding tax which the Corporation is required to withhold and remit pursuant to applicable income tax legislation. No Optionee or his legal representatives, legatees or distributees shall be, or shall be deemed to be, a holder of any Shares subject to an option under the Plan, unless and until the certificates for such Shares are issued to him or them under the terms of the Plan.

### **11. Ceasing To Be a Director, Employee or Consultant**

- (a) If an Optionee ceases to be a Director, Employee, or Consultant of the Corporation or any of its subsidiaries for any reason (other than for cause or other than for death), the Optionee may, but only within a reasonable period, not to exceed 12 months, (as fixed in the agreement evidencing the option) next succeeding the Optionee's ceasing to be in at least one of the foregoing categories, exercise the Optionee's option to the extent that the Optionee was entitled to exercise such option at the date of such cessation.
- (b) If an Optionee's position as a senior officer, Employee, Management Company Employee or Consultant is terminated (as the case may be by the Corporation or by one of its subsidiaries) for cause, each unexercised option held by such Optionee shall forthwith cease and terminate and be of no further force or effect whatsoever. If an Optionee is removed as a director of the Corporation or of any of its subsidiaries, each unexercised option held by such Optionee shall forthwith cease and terminate and be of no further force or effect whatsoever.

- (c) Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Optionee any right with respect to continuance as a Director, Employee, or Consultant of the Corporation or of any of its subsidiaries.

### **12. Death of Optionee**

In the event of the death of an Optionee, the Optionee's option shall be exercisable only within one year next succeeding such death and then only:

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

### **13. 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 Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued.

### **14. Proceeds from Sale of Shares**

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

### **15. Adjustments**

In the event that the outstanding Shares of the Corporation are changed into or exchanged for a different number or kind of shares or other securities of the Corporation, or in the event that there is a reorganization, amalgamation, reclassification, dividend payable in capital stock or other change in the capital stock of the Corporation, any of which event shall be subject to the prior approval of the Exchange, or in the event of the consolidation or subdivision of the outstanding shares of the Corporation, then each Optionee shall thereafter upon the exercise of the option granted to him, be entitled to receive, in lieu of the number of Shares to which the Optionee was theretofore entitled upon such exercise, the kind and amount of shares or other securities or property which the Optionee would have been entitled to receive as a result of any such event if, on the effective date thereof, the Optionee had been the holder of the Shares to which he was theretofore entitled upon such exercise and the Optionee shall pay for such shares or other securities or property, the amount the Optionee would have paid if the Optionee had exercised the option prior to such effective date.

In the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than with a wholly-owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the Shares of the Corporation or any part thereof shall be made to all holders of Shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each Optionee, to require the exercise of the

option granted within the thirty (30) day period next following the date of such notice and to determine that upon the expiry of such thirty (30) day period, all rights of the Optionee to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have any further force or effect whatsoever.

#### **16. Transferability**

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of an Optionee any benefits, rights and options may only be exercised by, or on behalf of, the Optionee.

#### **17. Amendment and Termination of Plan**

The board of directors may, at any time, suspend or terminate the Plan. The board may also at any time amend or revise the terms of the Plan subject to the Policies and subject to prior Exchange acceptance; provided that no such amendment or revision shall alter the terms of any options theretofore granted under the Plan.

#### **18. Reduction of Exercise Price or Extension of Term**

If the Corporation agrees to amend any option agreement by reduction of the exercise price of an option or by extending the term of an option, and if the Optionee is an Insider at the time of the amendment, such amendment shall be subject to disinterested shareholder approval in accordance with the Policies.

#### **19. Necessary Approvals**

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

## **20. Effective Date of Plan**

The Plan has been adopted by the board of directors of the Corporation subject to the approval of the Exchange and, if so approved, the Plan shall become effective upon such approval being obtained, subject to disinterested shareholder approval being obtained in accordance with the Policies.

## **21. Interpretation**

The Plan will be governed by and construed in accordance with the laws of Canada and of the Province of Ontario.