

**KWG RESOURCES INC.**

**Annual and Special Meeting of Shareholders**

**to be held on Tuesday, September 21, 2021**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**August 17, 2021**

## KWG RESOURCES INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE (the “Notice”) IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders (the “Meeting”) of KWG RESOURCES INC. (the “Corporation”) will be held via teleconference (further details provided below) on Tuesday, September 21, 2021 at 11:00 a.m. (local time), for the following purposes:**

- (a) to receive the audited consolidated financial statements of the Corporation for the years ended December 31, 2020 and 2019 and the auditors’ report thereon;
- (b) to consider and, if deemed advisable, to pass, with or without variation, a resolution to appoint the auditors of the Corporation and to authorize the directors to fix the auditors’ remuneration and terms of engagement;
- (c) to consider and, if deemed advisable, to pass, with or without variation, a resolution to fix the current number of directors between the minimum number and maximum number at four (4);
- (d) to consider and, if deemed advisable, to elect directors of the Corporation for the forthcoming year;
- (e) to consider and, if deemed advisable, pass a special resolution, with or without variation, authorizing the Corporation to amend its articles (the “**Articles**”) to create a new class of shares, issuable in series, to be designated as “Preference Shares” in an unlimited number with the rights, privileges, restrictions and conditions described in Schedule “B” to the Management Information Circular accompanying this Notice (the “**Preference Share Resolution**”);
- (f) to consider and, if deemed advisable, pass a special resolution, with or without variation, authorizing the Corporation to amend its Articles to create a new class of shares, issuable in series, to be designated as “Special Shares” in an unlimited number with the rights, privileges, restrictions and conditions described in Schedule “C” to the Management Information Circular accompanying this Notice (the “**Special Share Resolution**”);
- (g) to consider and, if deemed advisable, pass a special resolution, with or without variation, authorizing the Corporation to amend its Articles to amend the exchange ratio between the subordinate voting shares and the multiple voting shares from 300:1 to 100:1 by effecting a subdivision of the issued and outstanding multiple voting shares of the Corporation on the basis of each existing multiple voting share being split into three (3) post-subdivision multiple voting shares with the rights, privileges, restrictions and conditions attaching to the subordinate voting shares and the rights, privileges, restrictions and conditions attaching to the multiple voting shares being amended and restated as described in Schedule “D” to the Management Information Circular accompanying this Notice (the “**Share Exchange Ratio Resolution**”);
- (h) to consider and, if deemed advisable, pass a resolution, with or without variation, authorizing the Corporation to amend its stock option plan to reflect the change of the exchange ratio between the subordinate voting shares and the multiple voting shares from 300:1 to 100:1 in accordance with the Share Exchange Resolution as described in Schedule “E” to the Management Information Circular accompanying this Notice (the “**Stock Option Plan Amendment Resolution**”); and
- (i) to transact such other business as may properly be brought before the Meeting, or any adjournment thereof.

**The details of the matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying this Notice, which is supplemental to and expressly made part of this Notice. Shareholders of record as of the close of business on August 17, 2021, the record date, will be entitled to vote at the Meeting and at any adjournment or adjournments thereof.**

After taking into account recent Provincial and Federal guidance regarding public gatherings and social distancing due to the COVID-19 pandemic, the Corporation has elected to hold the Meeting by teleconference, allowing shareholders to attend and participate at the Meeting by dialling into the Meeting as detailed below, although, for the purposes of the *Canada Business Corporations Act* and the by-laws of the Corporation, the Meeting will be deemed to be held at the offices of the Corporation’s legal counsel, Dickinson Wright LLP, Suite 2200, 199 Bay Street, Toronto, Ontario, who are coordinating the telephone conference. Unless the Corporation announces otherwise by means of a news release, the Meeting will be conducted by teleconference only. This serves to proactively protect the health and wellbeing of the Corporation’s shareholders, management, directors and service partners, while permitting and encouraging shareholder participation at the Meeting. Due to the COVID-19 pandemic and issues related to the verification of shareholder identity via teleconference, in-person voting will not be permitted at the Meeting. Shareholders wishing to vote must do so in advance of the Meeting using the voting instruction form or the form of proxy mailed or otherwise sent to shareholders with the Meeting materials and submitting such voting instruction form or form of proxy in accordance with the instructions provided by no later than 11:00 a.m. (Toronto Time) on Friday, September 17, 2021, the cut-off time for deposit of proxies prior to the Meeting. Shareholders wishing to attend the Meeting are encouraged to do so by calling the number below.

Details of the Meeting

Date: September 21, 2021

Time: 11:00 a.m. (Toronto Time)

Telephone Access: +1 (647) 497-9391

One-touch: <tel:+16474979391,,994310621#>

Access Code: 994-310-621

**SHAREHOLDERS AND PROXYHOLDERS WILL HAVE AN EQUAL OPPORTUNITY TO PARTICIPATE AT THE MEETING REGARDLESS OF THEIR GEOGRAPHIC LOCATION. PARTICIPANTS SHOULD DIAL IN 5 TO 10 MINUTES PRIOR TO THE SCHEDULED START TIME AND ASK TO JOIN THE CALL.**

**SHAREHOLDERS WILL NOT BE ABLE TO VOTE ON THE CONFERENCE CALL. VOTING WILL BE CONDUCTED EXCLUSIVELY BY PROXY.**

**DATED** at the City of Toronto, in the Province of Ontario, as of the 17<sup>th</sup> day of August, 2021

**BY ORDER OF THE BOARD OF DIRECTORS  
OF KWG RESOURCES INC.**

(signed) "*Frank Smeenk*"

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Frank Smeenk, Chief Executive Officer

**MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES BY MANAGEMENT**

**SUMMARY**

The following is a summary of the matters to be considered and, in some cases, voted upon by the shareholders of KWG Resources Inc. (the “**Corporation**”) (collectively, the “**Shareholders**”) at the annual and special meeting of Shareholders and any adjournment thereof (the “**Meeting**”) and certain other information contained in this Management Information Circular (the “**Circular**”). This summary is provided for convenience only and the information in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in the Circular.

**Teleconference Meeting**

After taking into account recent Provincial and Federal guidance regarding public gatherings and social distancing due to the COVID-19 pandemic, the Corporation has determined to hold the Meeting by teleconference, allowing shareholders and validly appointed proxyholders to attend and participate at the Meeting by dialing into the Meeting as detailed below, although, for the purposes of the *Canada Business Corporations Act* (“**CBCA**”) and the by-laws of the Corporation, the Meeting will be deemed to be held at the offices of the Corporation’s legal counsel, Dickinson Wright LLP, Suite 2200, 199 Bay Street, Toronto, Ontario, who are coordinating the telephone conference. Unless the Corporation announces otherwise by means of a news release, the Meeting will be conducted by teleconference only. This serves to proactively protect the health and wellbeing of the Corporation’s shareholders, management, directors and service partners, while permitting and encouraging shareholder participation at the Meeting.

Due to the COVID-19 pandemic and issues related to the verification of shareholder identity via teleconference, in-person voting will not be permitted at the Meeting. Those shareholders wishing to vote must do so in advance of the Meeting using the voting instruction form or the form of proxy mailed or otherwise sent to shareholders with the Meeting materials and submitting such voting instruction form or form of proxy in accordance with the instructions provided by no later than 11:00 a.m. (Toronto Time) on Friday, September 17, 2021, the cut-off time for deposit of proxies prior to the Meeting. Shareholders wishing to attend the Meeting are encouraged to do so by calling the number below.

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**SHAREHOLDERS WILL NOT BE ABLE TO VOTE ON THE CONFERENCE CALL. VOTING WILL BE CONDUCTED EXCLUSIVELY BY PROXY.**

Details of the Meeting

The Meeting will be held on Tuesday, September 21, 2021 at 11:00 a.m. (Toronto time).

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One-touch: <tel:+16474979391,994310621#>

Access Code: 994-310-621

**Record Date**

The Record Date for determining shareholders entitled to receive notice of and to vote at the Meeting is the close of business on August 17, 2021.

**Purposes of the Meeting**

The purposes of the Meeting are as follows:

- (a) to receive and consider the audited financial statements of the Corporation for the years ended December 31, 2020 and 2019;

- (b) to consider and, if deemed advisable, to pass, with or without variation, a resolution to appoint the auditors of the Corporation and to authorize the directors to fix the auditors' remuneration and terms of engagement;
- (c) to consider and, if deemed advisable, to pass, with or without variation, a resolution to fix the current number of directors between the minimum number and maximum number at four (4);
- (d) to consider and, if deemed advisable, to elect directors of the Corporation for the forthcoming year;
- (e) to consider and, if deemed advisable, pass a special resolution, with or without variation, authorizing the Corporation to amend its articles (the "**Articles**") to create a new class of shares, issuable in series, to be designated as "Preference Shares" in an unlimited number with the rights, privileges, restrictions and conditions described in Schedule "B" to this Circular (the "**Preference Share Resolution**");
- (f) to consider and, if deemed advisable, pass a special resolution, with or without variation, authorizing the Corporation to amend its Articles to create a new class of shares, issuable in series, to be designated as "Special Shares" in an unlimited number with the rights, privileges, restrictions and conditions described in Schedule "C" to this Circular (the "**Special Share Resolution**");
- (j) to consider and, if deemed advisable, pass a special resolution, with or without variation, authorizing the Corporation to amend the exchange ratio between the subordinate voting shares and the multiple voting shares from 300:1 to 100:1 by effecting a subdivision of the issued and outstanding multiple voting shares of the Corporation on the basis of each existing multiple voting share being split into three (3) post-subdivision multiple voting shares with the rights, privileges, restrictions and conditions attaching to the subordinate voting shares and the rights, privileges, restrictions and conditions attaching to the multiple voting shares being amended and restated as described in Schedule "D" to this Circular (the "**Share Exchange Ratio Resolution**");
- (k) to consider and, if deemed advisable, pass a resolution, with or without variation, authorizing the Corporation to amend its stock option plan to reflect the change of the exchange ratio between the subordinate voting shares and the multiple voting shares from 300:1 to 100:1 in accordance with the Share Exchange Resolution as described in Schedule "E" to this Circular (the "**Stock Option Plan Amendment Resolution**"); and
- (g) to transact such other business as may properly be brought before the Meeting, or any adjournment thereof.

### **Shareholder Approvals Required**

Unless otherwise noted under "*Particulars Of Matters To Be Acted Upon At The Meeting*", and unless otherwise required by law, every question and every resolution coming before the Meeting will be determined by a majority of votes duly cast on the matter.

### **SOLICITATION OF PROXIES**

**This Circular is furnished in connection with the solicitation by the management of the Corporation of proxies to be used at the annual and special meeting of Shareholders (sometimes referred to as the "Meeting") to be held via teleconference on Tuesday, September 21, 2021, at 11:00 a.m. (Toronto time) and any adjournment thereof, for the purposes set forth in the notice (the "Notice") of Meeting accompanying this Circular.**

All costs of this solicitation of proxies by management will be borne by the Corporation. It is expected that the solicitation will be made primarily by mail. However, officers, directors and employees of the Corporation may also solicit proxies by telephone, facsimile, e-mail or in person.

The information contained herein is given as of August 17, 2021, unless otherwise noted.

This Circular describes the matters to be acted on at the Meeting and the procedures for attending or appointing proxies to vote at the Meeting.

## PART ONE

### VOTING INFORMATION AND PRINCIPAL SHAREHOLDERS APPOINTMENT AND REVOCATION OF PROXIES

#### REGISTERED SHAREHOLDERS

If you are a registered shareholder, you can vote your shares at the Meeting exclusively by completing the form of proxy included with this Circular and returning the completed proxy in accordance with the instructions given below. Due to the COVID-19 pandemic and issues related to the verification of the shareholder identity via teleconference, in-person voting will not be permitted at the Meeting.

#### Appointment of Proxy

A form of proxy is enclosed and you are asked to sign, date and return the form of proxy in the envelope provided. The persons named in the enclosed form of proxy are directors, officers or other individuals appointed by the Corporation. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person (who need not be a shareholder of the Corporation), other than the persons designated in the enclosed form of proxy, to vote for you and to attend and speak on your behalf at the Meeting** Such right may be exercised by striking out the names of the persons designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the person to be appointed or by completing another proper form of proxy. It is important to ensure that any other person you appoint will be attending the Meeting by calling in to the teleconference and will represent you to the Meeting. Proxyholders should, upon joining the Meeting, present themselves to a representative of the scrutineers at the Meeting.

The proxy must be executed by the shareholder or his attorney duly authorized in writing or, if the shareholder is a corporation, by instrument in writing executed by a duly authorized signatory of such corporation (under corporate seal if so required by the rules and laws governing the corporation). If the proxy is executed by a duly authorized attorney or authorized signatory of the shareholder, the proxy should reflect such person's capacity following his or her signature. At the request of the Corporation, an appropriate instrument evidencing such person's qualifications and authority to act may be required.

#### Depositing Proxy

As in-person voting will not be permitted by teleconference at the Meeting, if you want to vote your shares, you must do so by proxy.

A proxy to be exercised at the Meeting must be mailed to or deposited with the Corporation's registrar and transfer agent, **Computershare Trust Company of Canada**, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 Attention: Proxy Department, such that it is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the commencement of the Meeting or any adjournment thereof, in default of which it may be treated as invalid, although the Chairman of the Meeting has the discretion to accept proxies filed less than 48 hours prior to the commencement of the Meeting, or any adjournment thereof.

A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting.

#### NON-REGISTERED OR BENEFICIAL SHAREHOLDERS

Your shares may not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or stock broker, or trustees or administrators of self-administered registered savings plans, registered retirement savings funds, registered education savings plans and similar plans, or a clearing agency in which an intermediary participates). If your shares are listed in an account statement provided to you by a broker, then it is likely that those shares are not registered in your name but under the broker's name or under the name of an agent of the broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited which acts as the nominee for many Canadian brokerage firms) and, in the United States, under the name of Cede & Co. (the registration name for The Depository Trust Company, which acts as depository for many U.S. brokerage firms and custodian banks).

If your shares are registered in the name of an intermediary or a nominee, you are a non-registered or beneficial shareholder (a "**beneficial shareholder**"). Beneficial shareholders should be aware that only registered shareholders whose names appear on the share register of the Corporation, or the persons they appoint as their proxies, are entitled to vote at the Meeting. The

purpose of the procedures described below is to permit non-registered shareholders to direct the voting of the shares they beneficially own. There are two categories of beneficial shareholders. Beneficial shareholders who have provided instructions to an intermediary that they do not object to the intermediary disclosing ownership information about them are considered to be Non-Objecting Beneficial Owners (“**NOBOs**”). Beneficial shareholders who have objected to an intermediary providing ownership information are Objecting Beneficial Owners (“**OBOs**”).

The Corporation has distributed copies of this Circular, the accompanying form of proxy and the Notice, (collectively, the “**Meeting Materials**”) directly to registered shareholders and either directly to the NOBOs or to intermediaries for distribution to NOBOs together with the intermediary’s form of proxy or voting instruction form. The Corporation has not distributed copies of the Meeting Materials to intermediaries for distribution to the OBOs. Unless you have waived your rights to receive the Meeting Materials, the Corporation is required to deliver them to you as a beneficial shareholder of the Corporation and to seek your instructions as to how to vote your shares.

These Meeting Materials are being sent to both registered and beneficial shareholders of the securities. If you are a non-registered owner, and if the Corporation or its transfer 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 shares on your behalf.

If the Corporation or its transfer agent has sent these materials directly to you, as a beneficial shareholder, the Corporation (and not the intermediary holding shares on your behalf) has assumed responsibility for (i) delivering these materials to the beneficial shareholder, and (ii) executing the beneficial shareholder’s proper voting instructions.

If you are a beneficial shareholder who has received these proxy-related materials directly from the Corporation or transfer agent, please return your voting instructions as specified in the request for voting instructions.

#### **Notice and Access**

Recent amendments to applicable securities legislation allow electronic delivery of the Meeting Materials and/or delivery of the Meeting Materials only to those who request them (“**Notice and Access**”). The Corporation will not be sending the Meeting Materials to registered shareholders or beneficial shareholders using Notice and Access for the meeting.

#### **VOTING PROCEDURE FOR BENEFICIAL SHAREHOLDERS**

Brokers or agents can only vote the shares of the Corporation if instructed to do so by the beneficial shareholder.

Every broker or agent has its own mailing procedure and provides its own instructions. Typically, a beneficial shareholder will be given a voting instruction form which must be completed and signed by the beneficial shareholder in accordance with the instructions provided by the intermediary. The purpose of this form is to seek instructions from the beneficial shareholder on how to vote on behalf of or otherwise represent the beneficial shareholder. A beneficial shareholder cannot use this form to vote or otherwise represent shares in person at the Meeting. If you are a beneficial shareholder, you *must* follow the instructions provided by the intermediary in order to ensure that your shares are voted or otherwise represented at the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada and in the United States. Broadridge mails a voting instruction form in lieu of the proxy provided by the Corporation. The voting instruction form will name the same persons as the Corporation’s proxy to vote your shares and to represent you at the Meeting. You have the right to appoint a person (who need not be a beneficial shareholder of the Corporation) other than the persons designated in the voting instruction form to vote your shares and to represent you at the Meeting. To exercise this right, you should insert the name of your desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or be given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote shares directly at the Meeting – the instruction form must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the shares voted or otherwise represented at the Meeting.

Occasionally, a beneficial shareholder may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of shares owned by the beneficial shareholder but is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete and deliver the proxy as described above under the heading “*Registered Shareholders*”.

**Beneficial shareholders should carefully follow the instructions of their intermediary on the forms they receive, including those regarding when and where the form of proxy or voting instruction form is to be delivered, and contact their intermediaries promptly if they need assistance.**

#### **OBJECTING BENEFICIAL OWNERS – OBOS**

If you are an OBO, you cannot use the mechanisms described above for registered shareholders and must follow the instructions provided by the intermediary in order to ensure that your shares are voted or you are otherwise represented at the Meeting.

#### **NON-OBJECTING BENEFICIAL OWNERS – NOBOS**

If you, as a NOBO, receive the Corporation's form of proxy, you may complete and deliver the proxy as described above under the heading "*Registered Shareholders*". If you, as a NOBO, receive the intermediary's voting instruction form, follow the instructions provided by the intermediary with respect to completing the form in order to ensure that your shares are voted or you are otherwise represented at the Meeting.

#### **Beneficial Shareholders – Attendance at Meeting**

Although as a beneficial shareholder you may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of your broker or other intermediary, you may vote your shares as proxyholder for your broker or other intermediary and you may attend the Meeting in that capacity. If you wish to attend at the Meeting and indirectly vote your shares as proxyholder for your broker or other intermediary, you should enter your own name in the blank space on the voting instruction form provided to you, complete the voting instructions and return the voting instruction form to your broker or other intermediary in accordance with the instructions provided by your broker or other intermediary, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting. However, as in-person voting will not be permitted at the Meeting, in order to vote your shares you must complete the voting instruction form with your voting instructions and return it to your broker or other intermediary in accordance with the instructions provided by your broker or other intermediary, well in advance of the Meeting.

#### **Revocation of Proxies and Voting Instruction Forms**

A registered shareholder who executes and returns a proxy may revoke it (to the extent it has not been exercised) by depositing a written statement to that effect executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting by telephonic or electronic means, a revocation that is signed by electronic signature, or, if the shareholder is a corporation, by written instrument executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation:

- (a) with the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, at any time such that it is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the commencement of the Meeting or any adjournment thereof, in default of which it may be treated as invalid, although the Chairman of the Meeting has the discretion to accept proxies filed less than 48 hours prior to the commencement of the Meeting, or any adjournment thereof or at any time prior to a vote being taken in reliance on such proxy ;
- (b) with the Chairman of the Meeting provided that that it is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the commencement of the Meeting or any adjournment thereof, in default of which it may be treated as invalid, although the Chairman of the Meeting has the discretion to accept proxies filed less than 48 hours prior to the commencement of the Meeting, or any adjournment thereof, or at any time prior to a vote being taken in reliance on such proxy; or
- (c) in any other manner permitted by law.

A registered shareholder who has revoked a proxy may submit another proxy by delivering another properly executed form of proxy bearing a later date and depositing it as described above and under the heading "*Depositing Proxy*".

A beneficial shareholder may revoke a voting instruction or may revoke a waiver of the right to receive the Meeting Materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.



## VOTING OF SHARES BY PROXY

The proxyholders named in the accompanying form of proxy shall and will vote the shares represented thereby on any ballot in accordance with the shareholder's direction set forth in the proxy. **IN THE ABSENCE OF SUCH DIRECTION, THE SHARES REPRESENTED THEREBY WILL BE VOTED:**

- (a) **FOR THE RE-APPOINTMENT OF UHY MCGOVERN HURLEY LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS THE AUDITORS OF THE CORPORATION AND FOR THE AUTHORIZATION OF THE DIRECTORS TO FIX THE REMUNERATION AND TERMS OF ENGAGEMENT OF THE AUDITORS;**
- (b) **TO SET THE NUMBER OF DIRECTORS AT FOUR (4);**
- (c) **FOR THE ELECTION OF THE MANAGEMENT NOMINEE DIRECTORS NAMED IN THIS CIRCULAR;**
- (d) **FOR THE AMENDMENT OF THE ARTICLES TO CREATE A NEW CLASS OF SHARES, ISSUABLE IN SERIES, TO BE DESIGNATED AS "PREFERENCE SHARES";**
- (e) **FOR THE AMENDMENT OF THE ARTICLES TO CREATE A NEW CLASS OF SHARES, ISSUABLE IN SERIES, TO BE DESIGNATED AS "SPECIAL SHARES";**
- (f) **FOR THE AMENDMENT OF THE ARTICLES TO SUBDIVIDE THE ISSUED AND OUTSTANDING MULTIPLE VOTING SHARES ON THE BASIS OF 1:3; and**
- (g) **FOR THE AMENDMENTS TO THE STOCK OPTION PLAN;**

all as discussed below.

The persons named in the enclosed form of proxy will vote, or withhold from voting, the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such directions, such shares will be voted in favour of the matters specified in the Notice.**

An intermediary may not vote, or give a proxy authorizing another person to vote, except in accordance with voting instructions received from the non-registered shareholder who beneficially owns the shares.

**Given the fact that voting will only be permitted by proxy due to COVID-19 pandemic, the Corporation and its representatives do not intend to allow new matters not contemplated in the Notice to be considered at the Meeting. However, if any such new matters come before the Meeting or any adjournment or adjournments thereof, the Chair of the Meeting or of the applicable adjournment will determine whether or not such matter or matters is properly before the Meeting or applicable adjournment and the Meeting or applicable adjournment will proceed accordingly.**

As there will be no in-person voting at the Meeting, votes received by no later than 11:00 a.m. (Toronto Time) on Friday, September 17, 2021, the cut-off time for deposit of proxies prior to the Meeting, for each matter set out in the Notice will be tabulated in advance of the Meeting by Computershare Trust Company of Canada and compiled in the proxy report (the "**Proxy Report**"). The determination as to whether a particular matter has been approved, a particular individual has been elected or a particular resolution has been passed will be made solely on the basis of the voting results set out in the Proxy Report. Since no in-person voting will be permitted due to the COVID-19 pandemic and voting results respecting matters set out in the Notice will be determined solely on the basis of the voting results set out in the Proxy Report, **no ballots will be permitted at the Meeting** in respect of matters set out in the Notice of the Meeting. Management will announce at the Meeting the voting results for each matter set out in the Proxy Results and the shareholders will be entitled to request a copy of the Proxy Report from management of the Meeting. For any matter or matters which properly come before the Meeting or any adjournment or adjournments thereof, the determination of whether or not the particular matter has been approved will be made solely on the basis of the voting results set out in the Proxy Report as determined by the Chair of the Meeting.

## EXERCISE OF DISCRETION BY PROXY

**The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournments thereof. At the date of this Circular, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. If amendments or variations to matters identified in the Notice or if other matters properly come before the Meeting, it is**

the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such matters.

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

No person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year or any associate or affiliate of any such director, executive officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

## VOTING SECURITIES AND PRINCIPAL HOLDERS

The directors of the Corporation have fixed August 17, 2021 (the "**Record Date**"), at the close of business, as the record date for the determination of the shareholders entitled to receive notice of the Meeting and to vote thereat and at any adjournment thereof.

The authorized capital of the Corporation consists of an unlimited number of subordinate voting shares (each a "**Subordinate Voting Share**") and an unlimited number of multiple voting shares (each a "**Multiple Voting Share**"). As of the date of this Circular, 1,025,804,127 Subordinate Voting Shares and 1,486,883 Multiple Voting Shares are issued and outstanding. All holders of Subordinate Voting Shares as of the close of business on the Record Date will be entitled to one (1) vote per Subordinate Voting Share at the Meeting. Holders of Multiple Voting Shares as of the close of business on the Record Date will be entitled to three hundred (300) votes per Multiple Voting Share at the Meeting.

To the knowledge of the directors and officers of the Corporation, the only persons, firms or corporations who own, as of the date hereof, directly or indirectly, or exercise control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, are as follows:

Shareholder Name	Number and Class of Voting Securities	Percentage of Outstanding Shares of the Applicable Class
Noront Resources Ltd <sup>(1)</sup>	111,733,215 Subordinate Voting Shares	10.89% of the Subordinate Voting Shares
Frank Smeenk	473,702 Multiple Voting Shares	31.86% of the Multiple Voting Shares

Notes:

(1) Held by Noront Muketei Minerals Ltd.

The directors and officers of the Corporation own or control, directly or indirectly, in the aggregate 46,709,839 Subordinate Voting Shares representing approximately 4.55% of the issued and outstanding Subordinate Voting Shares of the Corporation and 607,170 Multiple Voting Shares representing approximately 40.83% of the issued and outstanding Multiple Voting Shares of the Corporation.

## PART TWO

### PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

#### 1. Financial Statements

The audited consolidated financial statements of the Corporation for the years ended December 31, 2020 and December 31, 2019, together with the report of the auditors thereon, will be presented to the shareholders at the Meeting. These documents are available upon request on SEDAR at [www.sedar.com](http://www.sedar.com).

#### 2. Appointment of Auditors

Management proposes the re-appointment of UHY McGovern Hurley LLP, Chartered Professional Accountants, as auditors of the Corporation. Their mandate will continue until the close of the next annual meeting of shareholders or until their successors are appointed. The directors will be authorized to fix the remuneration and terms of engagement of the auditors. UHY McGovern Hurley LLP were first appointed auditors of the Corporation in 2012.

**To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the appointment of UHY McGovern Hurley LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the**

**directors to fix the auditors’ terms of engagement and remuneration, unless the shareholder has specified in a proxy that his, her or its shares are to be withheld from voting in respect thereof.**

**3. Authorization to Fix the Current Numbers of Directors at Four (4)**

The Articles of the Corporation provide that the Corporation shall have a minimum three (3) and a maximum of twenty (20) directors and provide that the directors have the discretion to fix the number of directors from time to time within the minimum and maximum number of directors provided by the Articles. On September 14, 2018, Jennifer Boyle provided her resignation as a director of the Corporation, creating a vacancy on the board of directors of the Corporation (the “**Board**”). It is proposed that the shareholders fix the current number of directors between the minimum number and the maximum number at four (4).

In this regard the following resolution will be proposed:

**“BE IT RESOLVED THAT** the current number of directors within the minimum and maximum as provided in the Articles of the Corporation is hereby fixed at four (4) unless and until changed by the shareholders or by the directors in accordance with the Articles and the *Canada Business Corporations Act*.”

The Board is recommending that shareholders vote FOR the approval of fixing the current number of directors at four (4). Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval to fix the current number of directors at four (4).

**To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the resolution to fix the number of directors, unless the shareholder has specified in a proxy that his, her or its shares are to be withheld from voting in respect thereof.**

**4. Election of Directors**

The Board proposes to nominate the four (4) persons named below for election as directors of the Corporation, all of whom are current directors of the Corporation. Unless otherwise directed, it is the intention of management nominees to vote proxies in the accompanying form of proxy for these four (4) nominees. Each director will hold office until the next annual meeting of shareholders or until the election of his or her successor, unless he or she resigns or his or her office becomes vacant by removal, death or other cause or is replaced in accordance with the by-laws of the Corporation.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his or her municipality of residence and principal occupation, the year in which such person became a director of the Corporation, and the number of Subordinate Voting Shares and Multiple Voting Shares that such person has advised are beneficially owned, controlled or directed, directly or indirectly, by such person as at the date indicated below. The information as to residence, principal occupation and number of shares beneficially owned, or controlled or directed, directly or indirectly, by the nominees was provided by the respective nominees.

<b>Name, Position with the Corporation and Province/State of Residence</b>	<b>Principal Occupation</b>	<b>Date Became a Director of the Corporation</b>	<b>Number of Shares beneficially owned, directly or indirectly, or over which control and direction are exercised<sup>(1)</sup></b>
FRANK C. SMEENK <sup>(2)(3)</sup> President, Chief Executive Officer and Director <i>Ontario, Canada</i>	President and Chief Executive Officer of the Corporation	April 14, 1998	10,683,446 Subordinate Voting Shares (of which he holds 9,423,446 directly and exercises control over 1,260,000) 473,702 Multiple Voting Shares
DOUGLAS M. FLETT <sup>(3)</sup> Chairman and Director <i>Ontario, Canada</i>	Treasurer and general counsel of <i>Fletcher Nickel Inc.</i> , a public junior mining company	January 25, 2006	5,325,000 Subordinate Voting Shares (of which he holds 3,025,000 directly and exercises control over 2,300,000) 10,233 Multiple Voting Shares
DONALD SHELDON <sup>(2)(3)(4)</sup> Director and Secretary <i>Ontario, Canada</i>	Partner of <i>Dickinson Wright LLP</i> , a law firm, since 2014	April 8, 2014	3,930,357 Subordinate Voting Shares (of which he holds 3,242,857 directly and exercises control over 687,500) 9,392 Multiple Voting Shares
BRUCE REID <sup>(3)</sup> Director <i>Ontario, Canada</i>	Chief Executive Officer of 55 North Mining Inc., a public junior mining company	September 6, 2016	5,047,619 Subordinate Voting Shares

Name, Position with the Corporation and Province/State of Residence	Principal Occupation	Date Became a Director of the Corporation	Number of Shares beneficially owned, directly or indirectly, or over which control and direction are exercised <sup>(1)</sup>
	and, prior thereto, Chief Executive Officer of Bunker Hill Mining Corp. (formerly, Liberty Silver Corp.) from 2017 to October 2018, Executive Chairman of Carlisle Goldfield Limited from 2014 to 2016 and President and Chief Executive Officer of Carlisle Goldfield Limited from 2010 to 2014, each a public junior mining company		

Notes:

- (1) As verified on the System of Electronic Disclosure by Insiders as of August 17, 2021.
- (2) Member of the Governance and Nominating Committee.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.

Directors to be elected will be the five nominees receiving the greatest number of votes cast on the election and those so elected will hold office until the next annual meeting of shareholders or until the directors' respective successors are duly elected or appointed. **Except where authority to vote on the election of directors is withheld in a form of proxy, it is the intention of management nominees in proxies received for the Meeting to vote FOR the election of the nominees whose names are here above set forth.**

**Management is not presently aware of any of the nominees who will be unwilling to serve as a director if elected but in the event that, prior to the Meeting, any vacancies occur in the slate of nominees submitted herewith, the enclosed form of proxy confers discretionary authority upon the persons named therein to vote for the election of any other eligible person proposed by the Board or otherwise at the Meeting, unless instructions have been given to refrain from voting with respect to the election of directors.**

## 5. Creation of Preference Shares

The Corporation proposes to amend its Articles to create a new class of shares, issuable in series, to be designated as “preference shares” (the “**Preference Shares**”). The Corporation has determined that the creation of such shares will provide the Corporation with the flexibility to complete acquisitions or other corporate transactions, such as financings, that may arise in the future. Such new class of shares will effectively enable the Board to set commercial terms for each series of Preference Shares reflective of the then current market conditions by filing an amendment to the Articles to create such series with such rights, privileges, conditions and restrictions and in such numbers as the Board may determine prior to any issuance of shares of such series and then to issue shares of that series in such numbers as the Board may determine, subject to certain limitations contained in the Articles in respect of the Preference Shares. As a result, it is anticipated that having the capability of tailoring the terms of a particular series of Preference Shares to accommodate a particular transaction and be able to create and issue shares of such series expeditiously to complete the transaction would facilitate such transactions and be beneficial to the Corporation. Accordingly, the Corporation is seeking the approval of its shareholders to amend the Articles to create such a new class of shares to be designated as “preference shares” and issuable in series pursuant to a special resolution attached as Schedule “B” to this Circular (the “**Preference Share Resolution**”).

If the Preference Share Resolution is adopted by the shareholders at the Meeting, the principal rights, privileges, conditions and restrictions attached to the Preference Shares as a class will be as summarized below. **A copy of the full rights, privileges, conditions and restrictions that would attach to the Preference Shares as a class is attached as Schedule “B” to this Circular.**

### *Preference Shares*

#### *Authority to Issue One or More Series*

The Board may issue the Preference Shares at any time and from time to time in one or more series. Before the first shares of a particular series are issued, the Board will fix the number of shares in such series or determine that the number will be unlimited and will determine, subject to the limitations set out in the Articles, the designation, number, rights, privileges, conditions and restrictions to be attached to the shares of such series. Before the issue of the first shares of a series, the Board

will file articles of amendment containing a description of such series including the designation, number, rights, privileges, conditions and restrictions determined by the Board.

#### *Voting Rights*

Except as required by law or in accordance with any voting rights which may from time to time be attached to any particular series of Preference Shares, the holders of the Preference Shares will not be entitled to receive notice of, attend (in person or by proxy) or be heard at any meeting of the shareholders of the Corporation or to vote at any such meeting.

#### *Priority*

No rights or restrictions attached to a series of Preference Shares shall confer upon a series of Preference Shares a priority in respect of dividends or return of capital over any other series of Preference Shares which are then issued and outstanding. The Preference Shares shall rank in priority to any issued and outstanding Subordinate Voting Shares and Multiple Voting Shares in respect of dividends. The Preference Shares shall rank in priority to any issued and outstanding Subordinate Voting Shares and Multiple Voting Shares in respect of the return of capital, including, *inter alia*, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. The Preference Shares shall be entitled to priority over any other class of shares of the Corporation ranking junior to the Preference Shares in respect of dividends and the return of capital, including, *inter alia*, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

#### *Approval of the Holders of Preference Shares*

The rights, privileges, conditions and restrictions attaching to the Preference Shares as a class may be added to, changed or removed but only with the approval of at least two-thirds of the votes cast at a meeting of the holders of the Preference Shares duly called for that purpose and, if required by law, a meeting of the holders of any particular series of Preference Shares affected differently than other series of Preference Shares duly called for that purpose..

#### *Shareholder Approval*

The proposed Preference Share Resolution must be approved by a majority of not less than **sixty-six and two-thirds percent (66 2/3%)** of the votes cast by the shareholders who vote in respect of such resolution. As such, at the Meeting, the shareholders will be asked to consider and, if appropriate, approve the Preference Share Resolution as set forth below:

#### **“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The Corporation be and is hereby authorized to amend its Articles under Section 173 of the *Canada Business Corporations Act* to create a new class of shares to be designated as “Preference Shares”, issuable in series, in an unlimited number with the rights, privileges, restrictions and conditions described in Schedule “B” to the management information circular of the Corporation dated August 17, 2021, which rights, privileges, restrictions and conditions shall be annexed to the Articles.
2. Notwithstanding that this resolution has been duly passed by the shareholders of the Corporation or has received the approval of all applicable exchange and regulatory authorities, to the extent required, the board of directors may, in its sole discretion, determine not to proceed with this resolution or revoke this resolution at any time prior to the filing of the articles of amendment, without further approval of the shareholders of the Corporation.
3. Any director or officer of the Corporation be and is hereby authorized to execute and deliver articles of amendment and to do all things and execute and deliver all such other instruments and documents as such person may determine to be necessary or desirable to give effect to this resolution and carry out the foregoing, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**The Board is recommending that shareholders vote FOR the approval of the Preference Share Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval of the Preference Share Resolution.** The Preference Share Resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the matters set forth in the Preference Share Resolution, without further approval of the shareholders. In

particular, if the Preference Share Resolution is presented to the Meeting and approved, the Board may thereafter determine not to proceed with the matters set forth in the Preference Share Resolution.

## 6. Creation of Special Shares

The Corporation proposes to amend its articles to also create a new class of shares, issuable in series, to be designated as “special shares” (the “**Special Shares**”). The Corporation has determined that the creation of such shares will provide the Corporation with the flexibility to complete acquisitions or other corporate transactions, such as financings, that may arise in the future. Such new class of shares will effectively enable the Board to set commercial terms for each series of Special Shares reflective of the then current market conditions by filing an amendment to the Articles to create such series with such rights, privileges, conditions and restrictions and in such numbers as the Board may determine prior to any issuance of shares of such series, subject to certain limitations contained in the Articles in respect of the Special Shares as a class. As a result, it is anticipated that having the capability of tailoring the terms of a particular series of Special Shares to accommodate a particular transaction and be able to create and issue shares of such series expeditiously to complete the transaction would facilitate such transactions and be beneficial to the Corporation. Accordingly, the Corporation is seeking the approval of its shareholders to amend the Articles to create such a new class of shares issuable in series pursuant to a special resolution attached as Schedule “C” to this Circular (the “**Special Share Resolution**”).

If the Special Share Resolution is adopted by the shareholders at the Meeting, the principal rights, privileges, conditions and restrictions attached to the Special Shares as a class will be as summarized below. **A copy of the full rights, privileges, conditions and restrictions that would attach to the Special Shares as a class is attached as Schedule “C” to this Circular.**

### *Special Shares*

#### *Authority to Issue One or More Series*

The Board may issue the Special Shares at any time and from time to time in one or more series. Before the first shares of a particular series are issued, the Board will fix the number of shares in such series or determine that the number will be unlimited and will determine, subject to the limitations set out in the Articles, the designation, number, rights, privileges, conditions and restrictions to be attached to the shares of such series. Before the issue of the first shares of a series, the Board will file articles of amendment containing a description of such series including the designation, number, rights, privileges, conditions and restrictions determined by the Board.

#### *Voting Rights*

Except as required by law or in accordance with any voting rights which may from time to time be attached to any particular series of Special Shares, the holders of the Special Shares will not be entitled to receive notice of, attend (in person or by proxy) or be heard at any meeting of the shareholders of the Corporation or to vote at any such meeting.

#### *Priority*

No rights or restrictions attached to a series of Special Shares shall confer upon a series a priority in respect of dividends or return of capital over any other series of Special Shares which are then issued and outstanding. The Special Shares as a class will be subject to the rights of the holders of the Preference Shares and any other class of shares ranking senior in priority to the Special Shares as a class in respect of dividends but, unless expressly provided in the terms attached to any series of Special Shares, the Special Shares as a class will not have any preference or priority to any issued and outstanding Subordinate Voting Shares and Multiple Voting Shares in respect of dividends. Similarly, the Special Shares as a class will be subject to the rights of the holders of the Preference Shares and any other class of shares ranking senior in priority to the Special Shares as a class in respect of the return of capital but, unless expressly provided in the terms attached to any series of Special Shares, the Special Shares as a class will not have any preference or priority to any issued and outstanding Subordinate Voting Shares and Multiple Voting Shares in respect of the return of capital, including, *inter alia*, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. The holders of shares of any particular series of Special Shares will be entitled, subject to the rights of the holders of the Preference Shares and any other class of shares ranking senior in priority to the Special Shares, to such dividends as may be provided in the terms attaching to such series of Special Shares. Unless otherwise expressly provided in the terms attached to any series of Special Shares, the holders of Special Shares will be entitled, subject to the rights of the holders of the Preference Shares and any other class of shares ranking senior in priority to the Special Shares, to share *pro rata* on a share-for-share basis with the holders of

Subordinate Voting Shares and Multiple Voting Shares on a return of capital in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

#### *Approval of the Holders of Special Shares*

The rights, privileges, conditions and restrictions attaching to the Special Shares as a class may be added to, changed or removed but only with the approval of at least two-thirds of the votes cast at a meeting of the holders of the Special Shares duly called for that purpose and, if required by law, a meeting of the holders of any particular series of Special Shares affected differently than other series of Special Shares duly called for that purpose.

#### ***Shareholder Approval***

The proposed Special Share Resolution must be approved by a majority of not less than **sixty-six and two-thirds percent (66 2/3%)** of the votes cast by the shareholders who vote in respect of such resolution. As such, at the Meeting, the shareholders will be asked to consider and, if appropriate, approve the Special Share Resolution as set forth below:

**“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The Corporation be and is hereby authorized to amend its Articles under Section 173 of the *Canada Business Corporations Act* to create a new class of shares to be designated as “Special Shares”, issuable in series, in an unlimited number with the rights, privileges, restrictions and conditions described in Schedule “C” to the management information circular of the Corporation dated August 17, 2021, which rights, privileges, restrictions and conditions shall be annexed to the Articles.
2. Notwithstanding that this resolution has been duly passed by the shareholders of the Corporation or has received the approval of all applicable exchange and regulatory authorities, to the extent required, the board of directors may, in its sole discretion, determine not to proceed with this resolution or revoke this resolution at any time prior to the filing of the articles of amendment, without further approval of the shareholders of the Corporation.
3. Any director or officer of the Corporation be and is hereby authorized to execute and deliver articles of amendment and to do all things and execute and deliver all such other instruments and documents as such person may determine to be necessary or desirable to give effect to this resolution and carry out the foregoing, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**The Board is recommending that shareholders vote FOR the approval of the Special Share Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote **FOR** the approval of the Special Share Resolution.** The Special Share Resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the matters set forth in the Special Share Resolution, without further approval of the shareholders. In particular, if the Special Share Resolution is presented to the Meeting and approved, the Board may thereafter determine not to proceed with the matters set forth in the Special Share Resolution.

#### **7. Subdivision of the Multiple Voting Shares**

As at the date hereof, the Corporation has 1,486,883 Multiple Voting Shares issued and outstanding, with those Multiple Voting Shares being convertible at any time at the holder’s option into Subordinate Voting Shares on the basis of three hundred (300) Subordinate Voting Shares for each one (1) Multiple Voting Share so exchanged and the holder of each Multiple Voting Share being entitled at shareholder meetings to three hundred (300) votes for each Multiple Voting Share held. The Corporation also has 1,025,804,127 Subordinate Voting Shares issued and outstanding, with those Subordinate Voting Shares being convertible at any time at the holder’s option into Multiple Voting Shares on the basis of three hundred (300) Subordinate Voting Shares being exchangeable into one (1) Multiple Voting Share and the holder of each Subordinate Voting Share being entitled at shareholder meetings to one (1) vote for each Subordinate Voting Share held.

To facilitate and simplify exchanges back and forth between Multiple Voting Shares and Subordinate Voting Shares, it is proposed that the Corporation change that exchange ratio from 300:1 to 100:1. To do that, it is proposed that the Corporation subdivide its Multiple Voting Shares on the basis of one (1) existing Multiple Voting Share being subdivided into three (3) post-subdivision Multiple Voting Shares. The Subordinate Voting Shares will remain unchanged. Following implementation of the share subdivision, the Multiple Voting Shares will be convertible into Subordinate Voting Shares on the basis of one

hundred (100) Subordinate Voting Shares for each one (1) Multiple Voting Share so exchanged and *vice versa* and the holders of Multiple Voting Shares will be entitled to one hundred (100) votes for each Multiple Voting Share.

In order to implement the proposed change to the share exchange ratio and subdivision, the Articles of the Corporation will need to be amended. Accordingly, the Corporation is seeking the approval of its shareholders to amend the Articles to subdivide the Multiple Voting Shares and to amend and restate the rights, privileges, conditions and restrictions attaching to the Subordinate Voting Shares and the Multiple Voting Shares pursuant to a special resolution attached as Schedule “D” to this Circular (the “**Share Exchange Ratio Resolution**”). To be approved, the Share Exchange Resolution must be approved as a special resolution by the holders of the Subordinate Voting Shares and by the holders of the Multiple Voting Shares, each voting separately as a class.

If the Share Exchange Ratio Resolution is adopted by the shareholders at the Meeting, the principal rights, privileges, conditions and restrictions attached to the Subordinate Voting Shares and the Multiple Voting Shares will be as summarized below. **A copy of the full rights, privileges, conditions and restrictions that would attach to the Subordinate Voting Shares and the Multiple Voting Shares is attached as Schedule “D” to this Circular.**

If the share subdivision is approved, the Corporation will file Articles of Amendment with the Director, Industry Canada (the “**Ministry**”). Once a Certificate and Articles of Amendment has been issued, the Corporation’s Registrar and Transfer Agent, Computershare Trust Company of Canada, will send to each holder of Multiple Voting Shares new certificates or direct registration statements representing the number of additional Multiple Voting Shares to which such shareholder is entitled as a result of the subdivision.

The subdivision of the Multiple Voting Shares will generally not give rise to a capital gain or a capital loss under the *Income Tax Act* (Canada) for a shareholder who holds Multiple Voting Shares as capital property. The aggregate adjusted cost base to such a shareholder of his, her or its new Multiple Voting Shares immediately after the subdivision will be equal to the aggregate adjusted cost base of his, her or its Multiple Voting Shares immediately before the consolidation – in effect, the adjusted cost base for each post-subdivision Multiple Voting Share held by such a shareholder will be one third of the adjusted cost base of each pre-subdivision Multiple Voting Share of that particular shareholder. The foregoing is the Corporation’s understanding of the income tax implications for most Canadian shareholders holding shares as capital property and is not intended as tax advice to any particular shareholder; each shareholder should seek his, her or its own tax advice applicable to his, her or its own particular circumstances.

### ***Shareholder Approval***

The proposed subdivision of Multiple Voting Shares and the corresponding amendments to the rights, privileges, conditions and restrictions attached to the Subordinate Voting Shares and the Multiple Voting Shares must be approved:

- (a) by a majority of not less than **sixty-six and two-thirds percent (66 2/3%)** of the votes cast by the holders of Subordinate Voting Shares voting separately as a class in respect of such resolution; and
- (b) by a majority of not less than **sixty-six and two-thirds percent (66 2/3%)** of the votes cast by the holders of Multiple Voting Shares voting separately as a class in respect of such resolution.

As such, at the Meeting, the shareholders will be asked to consider and, if appropriate, approve a special resolution substantially in the form set out below:

#### **“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The Corporation be and is hereby authorized to amend its Articles under Section 173 of the *Canada Business Corporations Act* to subdivide the issued and outstanding multiple voting shares in the capital of the Corporation (the “**Multiple Voting Shares**”) on the basis of each one (1) Multiple Voting Share currently outstanding being subdivided into three (3) post-subdivision Multiple Voting Shares and, in implementation thereof, the rights, privileges, restrictions and conditions of the Multiple Voting Shares and the Subordinate Voting Shares shall be amended and restated as described in Schedule “D” to the management information circular of the Corporation dated August 17, 2021, which rights, privileges, restrictions and conditions shall be annexed to the Articles.
2. Notwithstanding that this resolution has been duly passed by the shareholders of the Corporation or has received the approval of all applicable exchange and regulatory authorities, to the extent required, the board of directors may, in its sole discretion, determine not to proceed with this



resolution or revoke this resolution at any time prior to the filing of the articles of amendment, without further approval of the shareholders of the Corporation.

3. Any director or officer of the Corporation be and is hereby authorized to execute and deliver articles of amendment and to do all things and execute and deliver all such other instruments and documents as such person may determine to be necessary or desirable to give effect to this resolution and carry out the foregoing, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**The Board is recommending that shareholders vote FOR the approval of the share consolidation. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval of the share consolidation.** The above special resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the matters set forth in the special resolution, without further approval of the shareholders. In particular, if the above special resolution is presented to the Meeting and approved, the Board may thereafter determine not to proceed with the share consolidation set forth in the special resolution.

## **8. Stock Option Plan Amendment**

### *Stock Option Plan*

The Corporation’s current stock option plan (the “**Plan**”) was approved by the shareholders in 2013 and amended at the special meeting of shareholders held on April 21, 2017 following the re-classification of the common shares of the Corporation into Subordinate Voting Shares effective as of February 14, 2017. The Plan was further amended on September 11, 2018 to include references to the Corporation’s Multiple Voting Shares and their exchangeability with Subordinate Voting Shares. The purpose of the Plan is to attract, retain and motivate directors, officers, employees and consultants of the Corporation and its subsidiaries and to advance the interests of the Corporation by providing such persons with the opportunity, through stock options (the “**Options**”), to acquire a proprietary interest in the Corporation.

The Plan is administered by the Board and its provisions include a limit on the number of Options that may be granted. Options may be granted in respect of Subordinate Voting Shares or Multiple Voting Shares or any combination thereof. The aggregate number of Subordinate Voting Shares that may be reserved for issuance under the Plan may not exceed 10% of the aggregate of (a) the number of Subordinate Voting Shares issued and outstanding plus (b) the number of Multiple Voting Shares issued and outstanding multiplied by 300, minus (c) the number of Options outstanding on Multiple Voting Shares multiplied by 300. In addition to Options being granted on Subordinate Voting Shares, Options may be granted on Multiple Voting Shares. The aggregate number of Multiple Voting Shares that may be reserved for issuance under the Plan may not exceed 10% of the aggregate of (a) the number of Multiple Voting Shares issued and outstanding plus (b) the number of Subordinate Voting Shares issued and outstanding divided by 300, minus (c) the number of Options outstanding on Subordinate Voting Shares divided by 300.

### *Proposed Amendment*

In the event that the Multiple Voting Shares are subdivided to result in the exchange ratio between Subordinate Voting Shares and Multiple Voting Shares being changed from 300:1 to 100:1, the Corporation proposes to amend the Plan to reflect that change in the exchange ratio. **The proposed amended Plan is attached to this Circular as Schedule “E”.**

### *Shareholder Approval*

The proposed approval of amendments to the Corporation’s Stock Option Plan must be approved by a majority of the votes cast by the shareholders who vote in respect of such resolution. As such, at the Meeting, the shareholders will be asked to consider and, if appropriate, approve a resolution substantially in the form set out below:

**“BE IT RESOLVED THAT:**

1. Subject to approval and implementation of the subdivision of Multiple Voting Shares on a 3:1 basis, the amended and restated Stock Option Plan as described in Schedule “E” to the management information circular of the Corporation dated August 17, 2021 be and is hereby approved.
2. Notwithstanding that this resolution has been duly passed by the shareholders of the Corporation or has received the approval of all applicable exchange and regulatory authorities, to the extent required, the board of directors may, in its sole discretion, determine not to proceed with this

resolution or may revoke this resolution at any time, without further approval of the shareholders of the Corporation.

3. Any director or officer of the Corporation be and is hereby authorized to do all things and execute and deliver all such other instruments and documents as such person may determine to be necessary or desirable to give effect to this resolution and carry out the foregoing, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**The Board is recommending that shareholders vote FOR the approval of the amended and restated Stock Option Plan. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval of the amended and restated Stock Option Plan.** The above resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the matters set forth in the resolution, without further approval of the shareholders. In particular, if the above resolution is presented to the Meeting and approved, the Board may thereafter determine not to proceed with the amendments as set forth in the resolution.

## 9. Other Business

While management of the Corporation is not aware of any business other than that mentioned in the Notice to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

## PART THREE

### STATEMENT OF EXECUTIVE COMPENSATION

#### *Named Executive Officers*

In accordance with the provisions of applicable securities legislation, the Corporation had three “Named Executive Officers” (each an “NEO”) during the year ended December 31, 2020 namely Frank C. Smeenk, President and Chief Executive Officer (“CEO”), Thomas E. Masters, Chief Financial Officer (“CFO”) and Maurice J. Lavigne, Vice-President, Exploration and Development.

#### *Directors’ and Named Executive Officers’ Compensation excluding Compensation Securities*

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation or any subsidiary thereof to each NEO and each director of the Corporation, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Corporation or any subsidiary thereof.

**TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES**

Name and position	Year	Salary, Consulting fee, Retainer or Commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	All other Compensation (\$)	Total compensation (\$)
Frank C. Smeenk Director, President and Chief Executive Officer	2020	\$300,000	Nil	Nil	Nil	Nil	\$300,000
	2019	\$300,000	Nil	Nil	Nil	Nil	\$300,000
Thomas E. Masters <sup>(1)</sup> Chief Financial Officer	2020	\$106,500	Nil	Nil	Nil	Nil	\$106,500
	2019	\$157,025	Nil	Nil	Nil	Nil	\$157,025
Maurice Lavigne Vice-President	2020	\$250,000	Nil	Nil	Nil	Nil	\$250,000
	2019	\$250,000	Nil	Nil	Nil	Nil	\$250,000
Douglas M. Flett	2020	Nil	Nil	\$42,000	Nil	Nil	\$42,000

Name and position	Year	Salary, Consulting fee, Retainer or Commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	All other Compensation (\$)	Total compensation (\$)
Director	2019	Nil	Nil	\$42,000	Nil	Nil	\$42,000
Donald A. Sheldon <sup>(2)</sup> Director and Secretary	2020	Nil	Nil	\$22,000	Nil	Nil	\$22,000
	2019	Nil	Nil	\$22,000	Nil	Nil	\$22,000
Bruce Reid Director	2020	Nil	Nil	\$12,000	Nil	Nil	\$12,000
	2019	Nil	Nil	\$12,000	Nil	Nil	\$12,000

Notes:

- (1) Mr. Masters is a partner of Palmer Reed, an accounting firm which provides accounting services to the Corporation. During the fiscal year ended December 31, 2020, \$87,550 (2019 - \$140,025) was paid to Palmer Reed, in respect of services provided by Mr. Masters. Fees paid to Palmer Reed for its support staff in respect of bookkeeping and accounting services amounted to \$18,950 for the year ended December 31, 2020 (2019 - \$17,000).
- (2) Mr. Sheldon is a partner in Dickinson Wright LLP, a law firm which provides legal services to the Corporation. During the fiscal year ended December 31, 2020, \$17,260 (2019 - \$2,569) was charged by Dickinson Wright LLP in respect of services provided by Mr. Sheldon and other members and staff of that law firm. Mr. Sheldon's services as Secretary are provided by Sheldon Executive Services Inc.

**Stock Options and Other Compensation Securities**

The following table sets out all compensation securities granted or issued to each director and NEO by the Corporation or any subsidiary thereof in the year ended December 31, 2020 for services provided, or to be provided, directly or indirectly, to the Corporation or any subsidiary thereof:

**TABLE OF COMPENSATION SECURITIES GRANTED DURING 2020**

Name and position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End	Expiry Date
Frank C. Smeenk Director, President and Chief Executive Officer	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Thomas E. Masters Chief Financial Officer	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Maurice Lavigne Vice-President	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Douglas M. Flett Director	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Donald A. Sheldon Director and Secretary	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Bruce Reid Director	N/A	Nil	N/A	Nil	Nil	Nil	N/A

### Outstanding option-based awards

The following table sets forth the total amount of compensation securities, and underlying securities, held by each named executive officer or director on December 31, 2020.

Name and Position	Compensation securities <sup>(1)</sup> (#)	Exercise price	Expiry date
Frank C. Smeenk President, Chief Executive Officer and Director	8,500,000	\$0.05	12-09-2022
Douglas M. Flett Director	2,100,000	\$0.05	12-09-2022
Donald A. Sheldon Director and Secretary	1,500,000	\$0.05	12-09-2022
Bruce Reid Director	8,500,000	\$0.05	12-09-2022

Note:

(1) The compensation security is an option that gives the right to purchase one Subordinate Voting Share at the exercise price until the expiry date.

None of the directors or NEOs exercised any compensation securities, being solely stock options, during the year ended December 31, 2020.

### Stock Option Plans and Other Incentive Plans

The Corporation's current stock option plan (the "**Plan**"), was approved by the shareholders in 2013 and amended at the special meeting of shareholders held on April 21, 2017 following the re-classification of the common shares of the Corporation into Subordinate Voting Shares effective as of February 14, 2017. The Plan was further amended on September 11, 2018 to include references to the Corporation's Multiple Voting Shares and their exchangeability with Subordinate Voting Shares. The purpose of the Plan is to attract, retain and motivate directors, officers, employees and consultants of the Corporation and its subsidiaries and to advance the interests of the Corporation by providing such persons with the opportunity, through stock options (the "**Options**"), to acquire a proprietary interest in the Corporation.

The Plan is administered by the Board and its main provisions are as follows:

1. Options may be granted in respect of Subordinate Voting Shares or Multiple Voting Shares or any combination thereof.
2. The aggregate number of Subordinate Voting Shares that may be reserved for issuance under the Plan may not exceed 10% of the aggregate of (a) the number of Subordinate Voting Shares issued and outstanding plus (b) the number of Multiple Voting Shares issued and outstanding multiplied by 300, minus (c) the number of Options outstanding on Multiple Voting Shares multiplied by 300.
3. The aggregate number of Multiple Voting Shares that may be reserved for issuance under the Plan may not exceed 10% of the aggregate of (a) the number of Multiple Voting Shares issued and outstanding plus (b) the number of Subordinate Voting Shares issued and outstanding divided by 300, minus (c) the number of Options outstanding on Subordinate Voting Shares divided by 300.
4. The option price of Subordinate Voting Shares which are the subject of any option shall in no circumstances be lower than (i) the market price of the Subordinate Voting Shares at the close of markets on the business day immediately prior to the date of the grant of the option or (ii) the minimum exercise price permissible for Subordinate Voting Shares under the policies of any Exchange.
5. The option price of Multiple Voting Shares which are the subject of any option shall in no circumstances be lower than (i) the market price of the Multiple Voting Shares at the close of markets on the business day immediately prior to the date of the grant of the option or (ii) the minimum exercise price for Multiple Voting Shares permissible under the policies of any Exchange.
6. At the time Options are granted:
  - (i) the aggregate number of Subordinate Voting Shares that may be issued pursuant to the exercise of Options under the Plan shall not exceed 10% of the number of Subordinate Voting Shares issued and outstanding

(calculated on the basis that all Multiple Voting Shares are deemed to be converted into Subordinate Voting Shares);

- (ii) the maximum number of Subordinate Voting Shares which may be reserved for issuance to any one optionee, in any 12-month period, shall not exceed 5% of the Subordinate Voting Shares then outstanding (calculated on the basis that all Multiple Voting Shares are deemed to be converted into Subordinate Voting Shares);
  - (iii) the maximum number of Subordinate Voting Shares which may be reserved for issuance to any consultant, in any 12-month period, shall not exceed 2% of the Subordinate Voting Shares then outstanding (calculated on the basis that all Multiple Voting Shares are deemed to be converted into Subordinate Voting Shares);
  - (iv) the maximum number of Subordinate Voting Shares granted to persons employed to provide investor relations activities must not exceed, in any 12-month period, 2% of the Subordinate Voting Shares outstanding at the date of the grant (calculated on the basis that all Multiple Voting Shares are deemed to be converted into Subordinate Voting Shares); and
  - (v) unless otherwise determined by the Board, Options vest 25% at the date of grant and 12.5% at the end of each three-month period thereafter, provided that Options issued to consultants performing investor relations activities must vest in stages over a period of not less than 12 months with no more than ¼ of the Options vesting in any three-month period.
7. The Options may be exercisable for a period of up to five years.
  8. The Options can only be exercised by the optionee and only so long as the optionee is a director, officer, employee or consultant of the Corporation or any related entity including any of its subsidiaries or within a period of not more than 90 days after ceasing to be a director, officer, or consultant (30 days in the case of a consultant engaged in “investor relation activities”) to the extent that the optionee was entitled to exercise the option at the date of such cessation.
  9. In case of the death of the optionee, any Option may, subject to the terms thereof and any other terms of the Plan, be exercised by the legal representative(s) of the estate of the optionee at any time during 90 days following the death of the optionee but prior to the expiry of the option and only to the extent that the optionee was entitled to exercise such option at the date of death.
  10. In the event of the sale by the Corporation of all or substantially all of the property and assets of the Corporation or of the acquisition by any person who was not, immediately prior to the effective time of the acquisition, a registered or a beneficial shareholder in the Corporation, of Subordinate Voting Shares or rights or options to acquire Subordinate Voting Shares of the Corporation or securities which are convertible into Subordinate Voting Shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders, the optionees are entitled to exercise and acquire all Subordinate Voting Shares under their Options, including in respect of Subordinate Voting Shares available under the Option that are not otherwise vested at that time, within 90 days of the close of any such transaction.
  11. Disinterested shareholder approval for any reduction in the exercise price of a previously granted Option shall be obtained prior to the exercise of such Option if the optionee is an insider of the Corporation.

The following table sets out certain details as at December 31, 2020 with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance, the Stock Option Plan being the sole such compensation plan of the Corporation.

Plan category	Number of Subordinate Voting Shares to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of Subordinate Voting Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	33,700,000	\$0.05	83,844,682 <sup>(1)</sup>
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	33,700,000	\$0.05	83,844,682 <sup>(1)</sup>

Note:

(1) Based on the 10% of the aggregate of 1,175,446,827 Subordinate Voting Shares issued and outstanding as of December 31, 2020 (1,020,332,127 Subordinate Voting Shares outstanding on December 31, 2020 plus 517,049 Multiple Voting Shares outstanding on December 31, 2020 representing an aggregate of 155,114,700 Subordinate Voting Shares upon conversion of all the Multiple Voting Shares into Subordinate Voting Shares).

### ***Employment, Consulting and Management Agreements***

#### **Named Executive Officer Contracts**

On October 8, 2008, the Corporation entered into an employment agreement with Frank Smeenck (the “**Smeenck Agreement**”). The term of the Smeenck Agreement is automatically extended from year to year. The Corporation may terminate the Smeenck Agreement at any time without cause provided that the Corporation pays at the time of termination an amount equal to 1.5 times his then-current annual salary and 1.5 times his annual performance bonus most recently paid. In the event that Mr. Smeenck dies or becomes incapacitated, a payment of 12 months’ salary shall be paid to his estate trustee or to his attorney, committee or other representative, as the case may be. In the event of a change of control of the Corporation and the employment of Mr. Smeenck is terminated within the period of three (3) years following the date of the change of control (“**Involuntary Termination**”), the Corporation shall pay to Mr. Smeenck an amount equivalent to three (3) times the then-current annual salary and three (3) times the annual bonus most recently paid. In addition, Mr. Smeenck will be allowed to exercise all stock options granted to him which had not previously been exercised, including options not otherwise exercisable or, at his election, receive from the Corporation an amount equal to the positive difference, if any, between the market price (as defined in the *Securities Act* (Ontario)) of the shares on the date of the Involuntary Termination and the average price at which Mr. Smeenck has the right to exercise the options or he may elect to have the Corporation arrange for him to participate in the stock option plan or plans applicable to the Corporation’s senior management for a further period of three (3) years from the date of the Involuntary Termination and to exercise all rights with respect to options granted under that plan or plans as if he were employed during this period. Within 10 days of a change of control of the Corporation, the Corporation shall pay to Mr. Smeenck a lump sum amount of \$125,000 as a retention bonus. The Smeenck Agreement defines change of control as, the occurrence of any of the following events after October 8, 2008: (i) any change in the holding, direct or indirect, of shares of the Corporation which would result in persons or a group of persons acquiring a position to exercise effective control of the Corporation (including any holdings of shares entitling the holders to cast 20% or more of the votes attaching to the Common Shares), (ii) the members of the Board ceasing to constitute a majority of the Board within any 12-month period, or (iii) a sale of 50% of the assets of the business to a person who is not affiliated with the Corporation. The Smeenck Agreement was last reviewed in January 2012 by the Compensation Committee increasing Mr. Smeenck’s annual salary to \$300,000, all other terms and conditions of the Smeenck Agreement remaining the same.

Mr. Masters has not entered into a formal written contract or agreement with respect to the services he provides to the Corporation.

Mr. Lavigne has not entered into a formal written employment contract or agreement with respect to the services he provides to the Corporation.

Mr. Sheldon’s services as Secretary are provided by Sheldon Executive Services Inc. Sheldon Executive Services Inc. has not entered into a formal written contract or agreement with respect to those services.

#### **Other Change of Control Commitments**

Certain directors and officers of the Corporation are entitled to a lump sum payment, including a payment of \$125,000 to the CEO as described in the aforementioned paragraphs, on the occurrence of a merger, take-over or change of control of the Corporation, as defined by the Board.

The following tables provide estimates of the incremental amounts that would have been payable to NEOs assuming termination and/or change of control events occurred on December 31, 2020.

#### Estimated Incremental Payments as of December 31, 2020 - Termination without Cause

<b>Name</b>	<b>Salary and Bonus</b>
Frank Smeenck	\$570,000
Total	\$570,000

Estimated Incremental Payments as of December 31, 2020 - Death or Permanent disability

<b>Name</b>	<b>Salary</b>
Frank Smeenk	\$300,000
Total	\$300,000

Estimated Incremental Payments as of December 31, 2020 - Change of Control

<b>Name</b>	<b>Lump sum</b>
Frank Smeenk	\$125,000

Estimated Incremental Payments as of December 31, 2020 – Termination without Cause Following a Change of Control

<b>Name</b>	<b>Salary and bonus</b>
Frank Smeenk	\$1,140,000 <sup>(1)</sup>

Note:

(1) Under the Smeenk Agreement, all options granted to Mr. Smeenk will vest in the event of termination without cause following a change of control.

***Oversight and Description of Director and Named Executive Officer Compensation***

Compensation Committee

The Compensation Committee has only one member, Donald Sheldon. The vacancies on the Compensation Committee created by resignations have not been filled. The Compensation Committee had no meetings in the year ended December 31, 2020.

Compensation Process

The Compensation Committee relies on the knowledge and experience of its members and the recommendations of the CEO to set appropriate levels of compensation for senior officers. Neither the Corporation nor the Compensation Committee currently has any contractual arrangement with any executive compensation consultant.

The Compensation Committee reviews and makes determinations with respect to senior officer compensation on an annual basis. When determining senior officer compensation, the Compensation Committee evaluates the CEO's achievements during the preceding year and reviews the performance of other senior officers (as evaluated by the CEO based on their achievements during the preceding year).

The Compensation Committee uses all the data available to it to ensure that the Corporation is maintaining a level of compensation that is both commensurate with the size and activities of the Corporation and sufficient to retain key personnel.

In reviewing comparative data, the Compensation Committee refers to public information on executive compensation but does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level.

The Compensation Committee reviews the elements of the NEOs' compensation in the context of the total compensation package (including base salary, long-term equity incentive awards, including prior awards under the Plan) and recommends the NEOs' compensation packages.

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

The Compensation Committee is mandated to consider the risk implications of the Corporation's compensation policies and practices to assess whether there is any appreciable risk associated with such policies and practices and whether any such policies and practices have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Corporation to inappropriate or excessive risks. Furthermore, although the Corporation 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 shares, options or other equity securities of the Corporation granted in compensation or held directly or indirectly by the NEO or director, the Corporation is unaware of the purchase of any such financial instruments by any NEO or director.

During 2020, the Corporation did not retain a compensation consultant or advisor to assist the Board or the Compensation Committee in determining compensation for the Corporation's executive officers and directors.

Principles/Objectives of the Compensation Program

The primary goal of the Corporation’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 Corporation’s senior officers is determined with regard to the Corporation’s business strategy and objectives, 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 Corporation’s senior officers are composed of the following elements, which are linked to the Corporation’s compensation and corporate objectives as follows:

<b>Compensation Element</b>	<b>Link to Compensation Objectives</b>	<b>Link to Corporate Objectives</b>
Base Salary or Consultant Fees	Attract and Retain Reward	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives. Yearly review based on NEO performance.
Stock options	Motivate and Reward Align interests with shareholders	Long-term incentives motivate and reward senior officers to increase shareholder value by the achievement of long-term corporate strategies and objectives.

The Corporation is an exploratory stage mining company and will not be generating revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Compensation Committee to be appropriate in the evaluation of corporate or NEO performance. The compensation of the senior officers is based, in substantial part, on industry compensation practices, trends in the mining industry as well as achievement of the Corporation’s business plans. In addition to the above compensation elements, the Compensation Committee is empowered to grant cash bonuses to senior officers in order to reward exceptional performance.

Base Salaries and Consultant Fees

The Corporation provides NEOs with base salaries and/or consulting fees which represent their minimum compensation for services rendered during the fiscal year. NEOs’ base salaries and/or consulting fees depend on the scope of their experience, responsibilities, leadership skills and performance. Base salaries and consulting fees are reviewed annually by the Compensation Committee. A description of the material terms of the CEO’s employment contract is provided under the heading “*Termination and Change of Control Benefits*”. In addition to the above factors, decisions regarding salary increases are impacted by each NEO’s current salary, general industry trends and practices, competitiveness and the Corporation’s existing financial resources.

Options

The granting of Options pursuant to the Corporation’s Stock Option Plan is an integral component of the compensation packages of the senior officers of the Corporation. The Compensation Committee believes that the grant of Options to senior officers and share ownership by such officers serves to motivate and reward such officers to increase shareholder value by the achievement of the Corporation’s long-term corporate strategies and objectives, thereby aligning such officers’ interests with that of shareholders. Options are awarded by the Board based upon the recommendation of the Compensation Committee, which bases its decisions upon the level of responsibility and contribution of the individuals toward the Corporation’s goal and objectives. The Compensation Committee considers the overall number of Options that are outstanding relative to the number of outstanding Subordinate Voting Shares and Multiple Voting Shares in determining whether to make any new grants of Options and the size of such grants. The Compensation Committee’s decisions with respect to the granting of Options are reviewed by the Board and are subject to its final approval.

Analysis of Compensation Decisions

Standard compensation arrangements for the Corporation’s senior officers are composed of base salary or consulting fees and Options. In addition to the above compensation elements, the Compensation Committee is empowered to grant cash bonuses to senior officers in order to reward exceptional performance. No bonuses were awarded in 2020 or 2019.

***Pension Plan Benefit***

The Corporation does not have any pension, retirement or deferred compensation plans, including defined contribution plans.



## PART FOUR

### CORPORATE GOVERNANCE PRACTICES AND OTHER MATTERS

#### Information on Corporate Governance

The following information of the Corporation's Corporate Governance Policy is given in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The Corporation has reviewed its own corporate governance guidelines which comply with all applicable requirements.

#### Board of Directors

The Board and its senior management believe that the Corporation has established and operates in an environment of effective internal control with strong corporate governance structures and procedures in place.

Messrs. Flett and Reid are independent. Mr. Smeenk, President and Chief Executive Officer of the Corporation, is not considered independent. Mr. Sheldon is not considered independent since the retainer of Dickinson Wright LLP commencing in 2016, of which Mr. Sheldon is a partner, to provide legal services to the Corporation.

#### Directorships

Certain of the directors are also directors of other reporting issuers (or the equivalent) in Ontario or in another jurisdiction within Canada as follows:

Director	Issuer
Frank C. Smeenk	Fletcher Nickel Inc. MacDonald Oil Exploration Ltd.
Douglas Flett	Fletcher Nickel Inc. Tartisan Nickel Corp.
Donald A. Sheldon	Metalcorp Limited Cartier Iron Corporation
Bruce Reid	55 North Mining Inc. Canuc Resources Corporation Altair Resources Inc. Idaho Champion Gold Mines Canada Inc. Rex Opportunity Corp.

#### Orientation and Continuing Education

The Board encourages directors to follow appropriate education programs offered by relevant regulatory bodies and provides them with the opportunity to enhance their understanding of the nature and operation of the Corporation.

#### Ethical Business Conduct

Each director of the Corporation, in exercising his powers and discharging his duties, must act honestly and in good faith with a view to the best interests of the Corporation and further must act in accordance with the law and applicable regulations, policies and standards.

In a situation of conflict of interest, a director is required to disclose the nature and extent of any material interest he/she has in any material contract or proposed contract of the Corporation, as soon as the director becomes aware of the agreement or the intention of the Corporation to consider or enter into the proposed agreement and the director must refrain from voting and may not be present during deliberations concerning the agreement or transaction.

#### Nomination of Directors

The Board selects nominees for election to the Board, after having considered the advice and input of the Governance and Nominating Committee and having carefully reviewed and assessed the professional competencies and skills, personality and other qualities of each proposed candidate, including the time and energy that the candidate can devote to the task, and the contribution that the candidate can bring to the Board dynamic.

## **Governance and Nominating Committee**

The Governance and Nominating Committee is composed of Messrs. Sheldon and Smeenk. The Committee has the authority and responsibility for:

- (i) reviewing the mandates of the Board and its committees and recommending to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
- (ii) reviewing annually the disclosure of corporate governance practices to be included in the Corporation's information circular;
- (iii) reviewing at least annually the size and composition of the Board, analyzing the needs of the Board and considering the skills, areas of experience, backgrounds, independence and qualifications of the Board members to ensure that the Board, as a whole, has a diversity of competencies and experience that support it in carrying out its responsibilities;
- (iv) assessing on a regular basis the effectiveness of the Board as a whole, the committees of the Board and the contribution of each director regarding his, her or its effectiveness and contribution;
- (v) acting as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board; and
- (vi) determining at the earliest stage possible whether any proposed transaction discussed by the Board is or can be perceived as a related party transaction and, if such is the case, review any such transaction to ensure that it is being proposed and will be carried out with fairness and with the best interest of the Corporation in mind and, or alternatively, recommend that a special committee of disinterested directors be constituted to carry out the negotiations for such transaction and review and reported thereupon to the Board.

## **Assessments**

Refer to the responsibilities of the Governance and Nominating Committee described herein.

## **AUDIT COMMITTEE**

### *Charter of the Audit Committee*

The Charter of the Audit Committee is annexed to this Management Information Circular as Schedule "A".

### *Composition of the Audit Committee*

During 2020, the Audit Committee was composed of Mr. Reid, Mr. Sheldon and Mr. Flett. Under Multilateral Instrument 52-110 *Audit Committees*, a director of an Audit Committee is "independent" if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board, reasonably be expected to interfere with the exercise of the member's independent judgment.

The Board has determined that each of the members of the Audit Committee is "financially literate" within the meaning of section 1.6 of Multilateral Instrument 52-110 *Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

### *Education and Relevant Experience*

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee is set out below.

**Mr. Flett** completed three years of the Bachelor of Commerce program at the University of Windsor where he minored in accounting before transferring to the University of Windsor Law School. He has also completed the Rotman Institute of Corporate Directors SME Program. He was in private practice for over twenty years with a general, corporate and commercial firm where, during that time, he acted for 150 to 200 private companies.

**Mr. Reid** has extensive experience in corporate financing and financial reporting for public and private companies. His background includes more than 30 years of direct experience in the mining industry following graduation with a B.Sc. in Geology from the University of Toronto in 1979 and a finance degree from the University of Windsor. He has held various

senior executive officer positions and/or has been a member of the Board of numerous TSX-listed, TSXV-listed, CSE-listed and private mining and mineral exploration companies.

**Mr. Sheldon** has extensive experience in corporate financing and financial reporting for public and private companies. He completed both undergraduate and graduate degrees in Engineering at the University of Toronto and a law degree at Osgoode Hall Law School at York University. He is a professional engineer and has practised law for more than 40 years, specializing in corporate finance and securities regulation. He has held various senior executive officer positions and/or has been a member of the board of directors of numerous TSX-listed, TSXV-listed, CSE-listed and private corporations, including mining and mineral exploration companies.

#### *Reliance on Exemption*

The Corporation is a venture issuer as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Part 3 “*Composition of Audit Committees*” and Part 5 “*Reporting Obligations*” of NI 52-110.

#### *Pre-approval Policies and Procedures for Audit Services*

Under its charter, the Audit Committee has the mandate to review and pre-approve management requests for any consulting engagement to be performed by the auditors of the Corporation that is beyond the scope of their audit services. There were no such mandates in 2020 and 2019.

#### *External Auditor Fees*

(a) Audit Fees

Audit fees amounted to \$28,560 for the fiscal year ended December 31, 2020 and \$28,560 for the fiscal year ended December 31, 2019.

(b) Non Audit-Related Fees

Non audit-related fees paid to the external auditors during the fiscal year ended December 31, 2020 amounted to \$nil and \$nil for the fiscal year ended December 31, 2019.

(c) Tax Fees

No tax fees were billed by the external auditors during the fiscal years ended December 31, 2020 and 2019.

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

No person who is, or who was within the 30 days prior to the date of this Circular, a director, executive officer, employee or any former director, executive officer or employee of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons is, or was as of the date of this Circular indebted to the Corporation or a subsidiary of the Corporation or indebted to any other entity where such indebtedness is subject to a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

During the fiscal year ended December 31, 2020, none of the directors or executive officers of the Corporation, proposed nominees for election as a director, or any associate of the foregoing, was indebted to the Corporation or any subsidiary of the Corporation.

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

No informed person or any proposed director of the Corporation, or any of the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has, in either case, materially affected or would materially affect the Corporation or any of its subsidiaries – except as described below.

For the purposes of the above, “informed person” means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

On December 31, 2020, the Corporation completed a non-brokered private placement (the “**Private Placement**”) of 280,000 “flow-through” units issued to Frank Smeenk, a director and officer of the Corporation, at a price of \$1.5001 per unit for a total consideration of \$420,028. Each unit consisted of one “flow-through” Multiple Voting Share and one Multiple Voting Share purchase warrant which entitles the holder to purchase one Multiple Voting Share for \$2.00 any time before December 31, 2025. The Private Placement was a “related party transaction” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) as an “insider” purchased the units. A formal valuation was not required under MI 61-101 because the Corporation is not listed on any of the stock exchanges specified in MI 61-101. Minority shareholder approval was also not required as the fair market value of the consideration for the transaction involving the insiders did not exceed 25% of the Corporation’s capitalization as of the date of the Private Placement, which is approximately \$21 million. The director participating to the Private Placement declared and disclosed his interest and did not vote on the matter. The directors who did not participate in the Private Placement approved the Private Placement.

## **REGULATORY MATTERS, BANKRUPTCIES AND INSOLVENCIES**

To the knowledge of the Corporation, except as described below, no nominee for director of the Corporation is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

1. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while that person was acting as director, chief executive officer or chief financial officer; or
2. was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under the securities legislation for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and that resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
3. while that person was acting in the capacity as director, chief executive officer or chief financial officer 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.

## **PERSONAL BANKRUPTCIES, ETC**

To the knowledge of the Corporation, no nominee for director, nor any personal holding company of any such nominee, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the proposed director.

## **PENALTIES UNDER SECURITIES LEGISLATION**

Except as described below, to the knowledge of the Corporation, no nominee for election as director, nor any personal holding company of any such nominee, (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director, nor has any nominee for director entered into a settlement agreement with a securities regulatory authority.

On June 8, 1999, MacDonald Oil Exploration Ltd. (“**MacDonald Oil**”) commenced a share exchange takeover bid offering under the provisions of the Canada Business Corporations Act, for the shares of Bresea Resources Ltd. (“**Bresea**”) (the “**Offer**”). Thirty-five minutes prior to the Offer’s expiry on July 12, 1999, the Ontario and Alberta Securities Commissions (the “**Commissions**”) issued Temporary Orders to cease trading in the shares of Bresea and the consideration to be paid for some 22 million Bresea shares previously tendered to the Offer. At a joint hearing of the Commissions convened on August 11, 1999 the Commissions issued orders (the “**Orders**”) in both Alberta and Ontario that trading cease by MacDonald Oil in the shares of Bresea and the consideration to have been paid for them by MacDonald Oil until, among other things, all such Bresea shares were returned to or withdrawn by their prior holders. All the Bresea shares were returned or withdrawn. Mr. Smeenk, a director of the Corporation standing for re-election at the Meeting, was, at the time of the Orders’ effect, an officer and director of MacDonald Oil.

In consequence of the Orders, MacDonald Oil was unable to satisfy its auditor as to the value of its investment in the Offer, prior to the time for filing its subsequent annual financial statements. Its application to the Ontario Securities Commission (“OSC”) for leave to therefore extend the time for filing was declined by the issue of a 15-day Temporary Order on February 2, 2000 which was dissolved on its expiry by the Issuer’s timely filings in the interim. Mr. Smeenk was made a party to the Temporary Order as a then-current insider of the Issuer.

Mr. Smeenk and MacDonald Oil (and other persons) entered into a settlement agreement with the OSC dated January 8, 2001 whereunder the parties agreed to the settlement of proceedings initiated by the OSC in respect of instances of non-compliance by Mr. Smeenk and MacDonald Oil (and others) with filing, disclosure and trading requirements under Ontario securities laws. The terms of the settlement provided that, *inter alia*, (i) each of the respondents would be reprimanded by the OSC; (ii) Mr. Smeenk would make a payment of \$5,000 to the OSC in respect of the OSC’s costs; (iii) commencing March 21, 2001, Mr. Smeenk would cease trading in any securities acquired by him after the date of the settlement for a period of one year; and (iv) Mr. Smeenk could continue as a director and as executive vice-president of MacDonald Oil but would be prohibited, for a period of two years, from assuming the responsibilities of certain of MacDonald Oil’s other offices, or acting as the chair of its board of directors or of any of its board committees.

Final Orders to cease trading in the shares of MacDonald Oil were issued by the Ontario Securities Commission on January 24, 2002, by the British Columbia Securities Commission on January 25, 2002 and by the Québec Securities Commission on February 4, 2002. As of the date hereof, those cease-trade orders remain in effect. Mr. Smeenk continues to be a director and officer of MacDonald Oil.

The shares of Fletcher Nickel Inc. were delisted from trading on the Toronto Stock Exchange on November 30, 2009 as the market value of the shares failed to recover to the requisite minimum listing requirements and the company then became dormant. In consequence, orders to cease trading in the shares of Fletcher Nickel Inc. were issued by the Ontario Securities Commission on May 20, 2015, British Columbia Securities Commission on May 11, 2015 and Alberta Securities Commission on August 20, 2015. As of the date hereof, those cease-trade orders remain in effect. Mr. Smeenk continues to be a director and officer of Fletcher Nickel Inc.

#### **MANAGEMENT CONTRACTS**

During the most recently completed financial year, no management functions of the Corporation were to any degree performed by a person or company other than the directors or executive officers (or the companies controlled by them, either directly or indirectly) of the Corporation.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be obtained by accessing the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Security holders may contact Bruce Hodgman by mail at 141 Adelaide Street West, Suite 240, Toronto, Ontario, M5H 3L5, by phone at (416) 642-3575 or 1-888-642-3575, facsimile at (416) 644-0592 or email to [bh@kwgresources.com](mailto:bh@kwgresources.com) to request copies of the Corporation’s financial statements and management’s discussion and analysis, free of charge.

Financial information is provided in the Corporation’s comparative financial statements and management’s discussion and analysis for its most recently completed financial year.

#### **BOARD APPROVAL**

The contents and the sending of this Circular have been approved by the board of directors of the Corporation.

**DATED** at Toronto, Ontario, as of the 17<sup>th</sup> day of August, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*Frank Smeenk*”

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Frank Smeenk, Chief Executive Officer

## **SCHEDULE “A”**

### **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

#### **I. PURPOSE**

The Audit Committee (the “Committee”) is a committee of the board of directors. The primary function of the Committee is to assist the board of directors in fulfilling its financial reporting and controls responsibilities to the shareholders of the Corporation and the investment community. The external auditors will report directly to the Committee. The Committee’s primary duties and responsibilities are:

- overseeing the integrity of the Corporation’s financial statements and reviewing the financial reports and other financial information provided by the Corporation to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation’s external auditors, overseeing the external auditors’ qualifications and independence and providing an open avenue of communication among the external auditors, financial and senior management and the board of directors;
- monitoring the Corporation’s financial reporting process and internal controls, its management of business and financial risk, and its compliance with legal, ethical and regulatory requirements.

#### **II. COMPOSITION**

The Committee shall consist of a minimum of three directors of the Corporation, including the Chair of the Committee, the majority of whom shall not be employees, officers or “control persons”, as such term is defined hereunder, of the Corporation. All members shall, to the satisfaction of the board of directors, be “financially literate” as such term is defined hereunder.

The members of the Audit Committee shall be elected by the board of directors at the annual organizational meeting of the board of directors following the annual meeting of shareholders and hold office until their successors are duly elected and qualified. The board of directors may remove a member of the Audit Committee at any time in its sole discretion by resolution of the board.

#### **III. DUTIES AND RESPONSIBILITIES**

1. The Committee shall review and recommend to the board for approval the annual audited consolidated financial statements and the annual MD&A.
2. The Committee shall review with financial management and the external auditor the Corporation’s financial statements, MD&A’s and earnings releases prior to filing with regulatory bodies such as securities commissions and/or prior to their release.
3. The Committee shall review all documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or non audited interim financial statements results (e.g., prospectuses, press releases with financial results) prior to their release.
4. The Committee, in fulfilling its mandate, will:
  - (a) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws.
  - (b) Satisfy itself that adequate procedures are in place for the review of the issuer’s public disclosure of financial information extracted or derived from the issuer’s financial statements, other than MD&A and annual and interim earnings press releases, and must periodically assess the adequacy of those procedures.
  - (c) Recommend to the board of directors the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor.

- (d) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor, and discussing and resolving any material differences of opinion or disagreements between management and the external auditor.
- (e) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to determine their independence and report to the board of directors.
- (f) Review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. Consider with management the rationale for employing accounting/auditing firms other than the principal external auditor.
- (g) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- (h) Arrange for the external auditor to be available to the Audit Committee and the full board of directors as needed. Ensure that the auditors report directly to the Audit Committee and are made accountable to the board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.
- (i) Oversee the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
- (j) Review and approve hiring policies for employees or former employees of the past and present external auditors.
- (k) Review the scope of the external audit, including the fees involved.
- (l) Review the report of the external auditor on the annual audited consolidated financial statements.
- (m) Review problems found in performing the audit, such as limitations or restrictions imposed by management or situations where management seeks a second opinion on a significant accounting issue.
- (n) Review major positive and negative observations of the auditor during the course of the audit.
- (o) Review with management and the external auditor of the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.
- (p) Review emerging accounting issues and their potential impact on the Corporation's financial reporting.
- (q) Review and approve requests for any engagement to be performed by the external auditor that is beyond the scope of the audit engagement letter and related fees.
- (r) Review with management, the external auditors and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material effect upon the financial position or operating results of the Corporation, and whether these matters have been appropriately disclosed in the financial statements.
- (s) Review the conclusions reached in the evaluation of management's internal control systems by the external auditors, and management's responses to any identified weaknesses.
- (t) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.
- (u) Review with management their approach with respect to business ethics and corporate conduct.
- (v) Review annually the legal and regulatory requirements that, if breached, could have a significant impact on the Corporation's published financial reports or reputation.
- (w) Receive periodic reports on the nature and extent of compliance with security policies. The nature and extent of non-compliance together with the reasons therefore, with the plan and timetable to correct such non-compliance will be reported to the board, if material.
- (x) Review with management the accuracy and timeliness of filing with regulatory authorities.
- (y) Review periodically the business continuity plans for the Corporation.
- (z) Review the annual audit plans of the external auditors of the Corporation.
- (aa) Review annually general insurance coverage of the Corporation to ensure adequate protection of major corporate assets including but not limited to D&O and "Key Person" coverage.
- (bb) Perform such other duties as required by the Corporation's incorporating statute and applicable securities legislation and policies.
- (cc) Establish procedures for:

- (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or audit matters.
5. The Committee may engage and communicate directly and independently with outside legal and other advisors for the Committee as required and set and pay the compensation of such advisors.
6. On a yearly basis, the Committee will review the Audit Committee Charter and where appropriate recommend changes to the board of directors.

#### **IV. SECRETARY**

The Secretary of the Committee will be appointed by the Chair.

#### **V. MEETINGS**

1. The Committee shall meet at such times and places as the Committee may determine, but no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.
2. Meetings may be conducted with members present, in-person, by telephone or by video conference facilities.
3. A resolution in writing signed by all the members of the Committee is valid as if it had been passed at a meeting of the Committee.
4. Meetings of the Audit Committee shall be held from time to time as the Audit Committee or the Chairman of the Committee shall determine upon 48 hour notice to each of its members. The notice period may be waived by a quorum of the Committee.
5. The external auditors or any member of the Committee may also call a meeting of the Committee. The external auditors of the Corporation will receive notice of every meeting of the Committee.
6. The board shall be kept informed of the Committee's activities by a report, including copies of minutes, at the next board meeting following each Committee meeting.

#### **VI. QUORUM**

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee.

#### **VII. DEFINITIONS**

In accordance with *Multilateral Instrument 52-110 - Audit Committee*,

*"Financially literate"* means that the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

*"Control Person"* means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation.

**APPROVED BY THE BOARD OF DIRECTORS**



## SCHEDULE "B"

### SHARE CONDITIONS ATTACHED TO THE PREFERENCE SHARES

The Preference Shares, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

#### 1. Directors' Authority to Issue Preference Shares in One or More Series

- 1.1 The board of directors of the Corporation may issue the Preference Shares at any time and from time to time in one or more series. Before the first shares of a particular series of Preference Shares are issued, the board of directors of the Corporation shall fix the number of shares in such series or provide that the number of shares in such series shall be unlimited and shall determine, subject to the limitations set out in the articles, the designation, number, rights, privileges, conditions and restrictions to be attached to the shares of such series including, without limitation, the rate or rates, amount or method or methods of calculation of dividends thereon (if any), the time and place of payment of any dividends, whether cumulative or non-cumulative or partially cumulative and whether any such rate, amount or method of calculation (if any) shall be subject to change or adjustment in the future, the currency or currencies of payment of dividends (if any), the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights (if any), the conversion or exchange rights attached thereto (if any), the voting rights attached thereto (if any) and whether any such voting rights may be subject to change in the future or in certain circumstances, and the terms and conditions of any share purchase plan or sinking fund (if any) with respect thereto. Before the issue of the first shares of a series of Preference Shares, the board of directors of the Corporation shall file articles of amendment containing a description of such series including the designation, number, rights, privileges, conditions and restrictions determined by the board of directors of the Corporation.

#### 2. Ranking

- 2.1 No rights, privileges, conditions or restrictions attached to a series of Preference Shares shall confer upon such series a priority in respect of dividends or return of capital over any other series of Preference Shares which are then issued and outstanding. Each series of Preference Shares issued by the Corporation shall rank in priority to any issued and outstanding Subordinate Voting Shares and Multiple Voting Shares in respect of dividends. Each series of Preference Shares issued by the Corporation shall rank in priority to any issued and outstanding Subordinate Voting Shares and Multiple Voting Shares in respect of the return of capital, including, *inter alia*, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. The Preference Shares shall be entitled to priority over any other class of shares of the Corporation ranking junior to the Preference Shares in respect of dividends and the return of capital, including, *inter alia*, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on a return of capital in respect of a series of Preference Shares are not paid in full, the Preference Shares of all series shall participate ratably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided however, that in the event of there being insufficient assets to satisfy in full all such claims to dividends and return of capital, the claims of the holders of the Preference Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Preference Shares of any series may also be given such other preferences, not inconsistent with sections 1.1 to 4.1 hereof, over the Subordinate Voting Shares and the Multiple Voting Shares and over any other shares ranking junior to the Preference Shares as may be determined in the case of such series of Preference Shares.

#### 3. Voting

- 3.1 Except as hereinafter referred to or as otherwise required by law or in accordance with any voting rights which may from time to time be attached to any series of Preference Shares, the holders of the Preference Shares shall not be entitled to receive notice of, attend (in person or by proxy) or be heard at any meeting of the shareholders of the Corporation or to vote at any such meeting.

#### **4. Approval of Holders of Preference Shares**

- 4.1 The rights, privileges, conditions and restrictions attaching to the Preference Shares as a class may be added to, changed or removed but only with the approval of the holders of the Preference Shares given as hereinafter specified.
- 4.2 The approval of the holders of Preference Shares to add to, change or remove any right or restriction attaching to the Preference Shares voting as a class or to any other matter requiring the approval of the holders of the Preference Shares voting as a class shall be deemed sufficiently given if, in addition to any other requirement contained in the applicable corporate law statute, it is contained in (i) a resolution passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Preference Shares duly called for that purpose or (ii) a written resolution signed by all holders of Preference Shares.
- 4.3 The formalities to be observed in respect of the giving of notice of any meeting or any adjourned meeting required to be called in accordance with this section 4 and the conduct thereof shall be those from time to time required by the applicable corporate law statute and prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at a meeting of holders of Preference Shares voting as a class, each holder entitled to vote thereat shall have one vote in respect of each Preference Share held by such holder.

## SCHEDULE "C"

### SHARE CONDITIONS ATTACHED TO THE SPECIAL SHARES

The Special Shares, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

#### **1. Directors' Authority to Issue Special Shares in One or More Series**

- 1.1 The board of directors of the Corporation may issue the Special Shares at any time and from time to time in one or more series. Before the first shares of a particular series of Special Shares are issued, the board of directors of the Corporation shall fix the number of shares in such series or provide that the number of shares in such series shall be unlimited and shall determine, subject to the limitations set out in the articles, the designation, number, rights, privileges, conditions and restrictions to be attached to the shares of such series including, without limitation, the rate or rates, amount or method or methods of calculation of dividends thereon (if any), the time and place of payment of any dividends, whether cumulative or non-cumulative or partially cumulative and whether any such rate, amount or method of calculation (if any) shall be subject to change or adjustment in the future, the currency or currencies of payment of dividends (if any), the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights (if any), the conversion or exchange rights attached thereto (if any), the voting rights attached thereto (if any) and whether any such voting rights may be subject to change in the future or in certain circumstances, and the terms and conditions of any share purchase plan or sinking fund (if any) with respect thereto. Before the issue of the first shares of a series of Special Shares, the board of directors of the Corporation shall file articles of amendment containing a description of such series including the designation, number, rights, privileges, conditions and restrictions determined by the board of directors of the Corporation.

#### **2. Ranking**

- 2.1 No rights, privileges, conditions or restrictions attached to a series of Special Shares shall confer upon such series a priority in respect of dividends or return of capital over any other series of Special Shares which are then issued and outstanding. The holders of shares of any particular series of Special Shares will be entitled, subject to the rights of the holders of the Preference Shares and any other class of shares ranking senior in priority to the Special Shares, to such dividends as may be provided in the terms attaching to such series of Special Shares. Each series of Special Shares issued by the Corporation shall be subject to the rights of the holders of the Preference Shares and any other class of shares ranking senior in priority to the Special Shares, in respect of the return of capital, including, *inter alia*, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. Unless otherwise expressly provided in the terms attached to any series of Special Shares, the holders of Special Shares will be entitled, subject to the rights of the holders of the Preference Shares and any other class of shares ranking senior in priority to the Special Shares, to share *pro rata* on a share-for-share basis with the holders of Subordinate Voting Shares and Multiple Voting Shares on a return of capital in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If, on any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, any cumulative dividends or amounts payable on a return of capital in respect of a series of Special Shares are not paid in full, the Special Shares of all series shall participate ratably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided however, that in the event of there being insufficient assets to satisfy in full all such claims to dividends and return of capital, the claims of the holders of the Special Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Special Shares of any series may also be given such other preferences, not inconsistent with sections 1.1 to 4.1 hereof, over the Subordinate Voting Shares and the Multiple Voting Shares and over any other shares ranking junior to the Special Shares as may be determined in the case of such series of Special Shares.

### **3. Voting**

- 3.1 Except as hereinafter referred to or as otherwise required by law or in accordance with any voting rights which may from time to time be attached to any series of Special Shares, the holders of the Special Shares shall not be entitled to receive notice of, attend (in person or by proxy) or be heard at any meeting of the shareholders of the Corporation or to vote at any such meeting.

### **4. Approval of Holders of Special Shares**

- 4.1 The rights, privileges, conditions and restrictions attaching to the Special Shares as a class may be added to, changed or removed but only with the approval of the holders of the Special Shares given as hereinafter specified.
- 4.2 The approval of the holders of Special Shares to add to, change or remove any right or restriction attaching to the Special Shares voting as a class or to any other matter requiring the approval of the holders of the Special Shares voting as a class shall be deemed sufficiently given if, in addition to any other requirement contained in the applicable corporate law statute, it is contained in (i) a resolution passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Special Shares duly called for that purpose or (ii) a written resolution signed by all holders of Special Shares.
- 4.3 The formalities to be observed in respect of the giving of notice of any meeting or any adjourned meeting required to be called in accordance with this section 4 and the conduct thereof shall be those from time to time required by the applicable corporate law statute and prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at a meeting of holders of Special Shares voting as a class, each holder entitled to vote thereat shall have one vote in respect of each Special Share held by such holder.

## SCHEDULE “D”

### SHARE CONDITIONS ATTACHED TO MULTIPLE VOTING SHARES AND SUBORDINATE VOTING SHARES

The Multiple Voting Shares and Subordinate Voting Shares (sometimes collectively referred to as the “**Voting Shares**” or “**Participating Shares**”) shall have attached thereto the following rights and restrictions:

#### 1. **Payment of Dividends**

1.1 Subject to any preference as to the payment of dividends provided to any shares ranking in priority to the Participating Shares, the holders of Participating Shares shall, except as otherwise hereinafter provided, be entitled to participate ratably with each other as to dividends on a pro-rata basis based on the number of votes attaching to each such share and the Corporation shall pay dividends thereon, as and when declared by the Board of Directors of the Corporation out of moneys properly applicable to the payment of dividends, in amounts per share and at the same time on all such Participating Shares at the time outstanding as the Board of Directors may from time to time determine.

#### 2. **Liquidation, Dissolution or Winding-up**

2.1 In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, all of the property and assets of the Corporation which remain after payment to the holders of any shares ranking in priority to the Participating Shares in respect of payment upon liquidation, dissolution or winding-up of all amounts attributed and properly payable to such holders of such other shares in the event of such liquidation, dissolution, winding-up or distribution, shall, except as otherwise hereinafter provided, be paid or distributed to the holders of the Participating Shares on a pro-rata basis based on the number of votes attaching to each such share, without preference or distinction.

#### 3. **Anti-Dilution**

3.1 Neither class of Participating Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of Participating Shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner or otherwise changed so as to preserve the rights conferred hereby on each class in relation to the other class.

#### 4. **Voting**

4.1 The holders of the Multiple Voting Shares shall be entitled to receive notice of and attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or any series of such other class of shares) and to vote at all such meetings with each holder of Multiple Voting Shares being entitled to one hundred (100) votes per Multiple Voting Share.

4.2 The holders of the Subordinate Voting Shares shall be entitled to receive notice of and attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or any series of shares of such other class of shares) and to vote at all such meetings with each holder of Subordinate Voting Shares being entitled to one (1) vote per Subordinate Voting Share.

#### 5. **Convertibility and Exchange of Multiple Voting Shares**

5.1 A holder of Multiple Voting Shares shall have the right, at his, her or its option, at any time and from time to time, to convert such Multiple Voting Shares into Subordinate Voting Shares by exchanging such Multiple Voting Shares for Subordinate Voting Shares on the basis of one hundred (100) Subordinate Voting Shares for each one (1) Multiple Voting Share so exchanged.

5.2 To exercise such conversion right a shareholder or the shareholder’s attorney duly authorized in writing shall:

(a) give written notice to the Corporation’s transfer agent (the “**Transfer Agent**”) of the exercise of such conversion right and of the number of Multiple Voting Shares in respect of which the conversion right is being exercised;

(b) deliver to the Transfer Agent, the share certificate or certificates representing the Multiple Voting Shares in respect of which the conversion right is being exercised; and

(c) pay any governmental or other tax imposed on or in respect of such exchange.

5.3 Upon due exercise of the conversion right, the Corporation shall issue a share certificate representing the number of fully paid and non-assessable Subordinate Voting Shares determined on the basis set out above in the name of

the registered holder of the Multiple Voting Shares exchanged or in such name or names as such registered holder may direct in writing, provided that such registered holder shall pay any applicable security transfer taxes. If the conversion right is exercised in respect of less than all of the Multiple Voting Shares represented by any share certificate, the Corporation shall also issue a new share certificate representing the number of Multiple Voting Shares in respect of which the conversion right is not being exercised.

5.4 A holder of Multiple Voting Shares exchanged in whole or in part (or any other person or persons in whose name or names any certificate representing Subordinate Voting Shares are issued as provided above) shall be deemed to have become the holder of record of the Subordinate Voting Shares into which such Multiple Voting Shares are exchanged, for all purposes, on the final date of receipt by the Transfer Agent of the items referenced in clauses 5.2(a), (b) and (c) above, notwithstanding any delay in the delivery of the certificate representing the Subordinate Voting Shares into which such Multiple Voting Shares have been exchanged and, effective as of such date, the holder of Multiple Voting Shares shall cease to be registered as the holder of record of the Multiple Voting Shares so exchanged.

## 6. **Conversion Right and Exchange of Subordinate Voting Shares**

6.1 A holder of Subordinate Voting Shares shall have the right, at his, her or its option, at any time and from time to time, to convert such Subordinate Voting Shares into Multiple Voting Shares by exchanging such Subordinate Voting Shares for Multiple Voting Shares on the basis of one (1) Multiple Voting Share for every one hundred (100) Subordinate Voting Shares so exchanged.

6.2 To exercise such conversion right, such holder or the shareholder's attorney duly authorized in writing shall:

(a) give written notice to the Transfer Agent of the exercise of such conversion right and of the number of Subordinate Voting Shares in respect of which the conversion right is being exercised, which number of Subordinate Voting Shares shall not be less than one hundred (100);

(b) deliver to the Transfer Agent, the share certificate or certificates representing the Subordinate Voting Shares in respect of which the conversion right is being exercised; and

(c) pay any governmental or other tax imposed on or in respect of such exchange.

6.3 Upon due exercise of the conversion right, the Corporation shall issue a share certificate representing the number of fully paid and non-assessable Multiple Voting Shares determined on the basis set out above in the name of the registered holder of the Subordinate Voting Shares exchanged or in such name or names as such registered holder may direct in writing, provided that such registered holder shall pay any applicable security transfer taxes. If the conversion right is exercised in respect of less than all of the Subordinate Voting Shares represented by any share certificate, the Corporation shall also issue a new share certificate representing the number of Subordinate Voting Shares in respect of which the conversion right is not being exercised.

6.4 A holder of Subordinate Voting Shares exchanged in whole or in part (or any other person or persons in whose name or names any certificate representing Multiple Voting Shares are issued as provided above) shall be deemed to have become the holder of record of the Multiple Voting Shares into which such Subordinate Voting Shares are exchanged, for all purposes, on the final date of receipt by the Transfer Agent of the items referenced in clauses 6.2(a), (b) and (c) above, notwithstanding any delay in the delivery of the certificate representing the Multiple Voting Shares into which such Subordinate Voting Shares have been exchanged and, effective as of such date, the holder of Subordinate Voting Shares shall cease to be registered as the holder of record of the Subordinate Voting Shares so exchanged.

## 7. **General Conditions**

7.1 Save as aforesaid, each Multiple Voting Share and Subordinate Voting Share shall have the same rights and attributes and be the same in all respects.

The provisions of these Articles 1 through 7 may be deleted, amended, modified or varied in whole or in part upon the approval of any such amendment being given by the holders of the Multiple Voting Shares and the holders of the Subordinate Voting Shares, each voting separately as a class, by special resolution and as required by applicable law.

## SCHEDULE "E"

### KWG RESOURCES INC.

#### STOCK OPTION PLAN, AS AMENDED

##### 1. PURPOSE OF PLAN

1.1. The purpose of the plan is to attract, retain and motivate persons as directors, employees and consultants of the Corporation and its subsidiaries and to advance the interests of the Corporation by providing such persons with the opportunity, through stock options, to acquire a proprietary interest in the Corporation and participate in increases of shareholder value.

##### 2. DEFINED TERMS

Where used herein, the following terms shall have the following meanings, respectively:

2.1. "*board*" means the board of directors of the Corporation or the executive committee or any another committee duly constituted and authorized to act on behalf of the board in the matter of the stock option plan;

2.2. "*business day*" means any day (other than a Saturday, Sunday or statutory holiday in the Province of Ontario) on which an Exchange is open for trading;

2.3. "*Corporation*" means collectively KWG RESOURCES INC. and its subsidiaries;

2.4. "*eligible person*" means any director, employee or consultant of the Corporation;

2.5. "*Exchange*" means any exchange on which the shares are listed;

2.6. "*insider*" means a director or an officer of the Corporation;

2.7. "*market price*" at any date in respect of the shares shall be the highest closing price of such shares on any Exchange on the last business day preceding the date on which the option is approved by the board; provided that in the event that such shares did not trade on such business day, the market price shall be the average of the bid and ask prices in respect of such shares at the close of trading on such date and provided further that in the event that such shares are not listed and posted for trading on any stock exchange at the applicable time, the market price shall be the fair market value of such shares as determined by the board in its sole discretion;

2.8. "*option*" means an option to purchase shares granted under the plan;

2.9. "*option price*" means the price per share at which shares may be purchased under an option, as the same may be adjusted from time to time in accordance with Section 8;

2.10. "*optionee*" means any eligible person to whom an option has been granted;

2.11. "*plan*" means the Corporation's stock option plan, as described herein, as same may be amended from time to time;

2.12. "*shares*" means either one or any combination of:

(a) the Subordinate Voting Shares of the Corporation and

(b) the Multiple Voting Shares of the Corporation

as currently constituted or, in the event of an adjustment contemplated by Section 8, such other shares or securities to which an optionee may be entitled upon the exercise of an option as a result of such adjustment; and

2.13. "*subsidiary*" means any corporation controlled by the Corporation (i.e. in which the Corporation holds an interest greater than 50% of the voting rights governing the election of directors).

##### 3. ADMINISTRATION OF THE PLAN

3.1. The plan shall be administered in accordance with any rules and policies of an Exchange in respect of stock option plans. The board shall receive recommendations of management and shall determine from time to time those directors, employees and consultants of the Corporation to whom options may be granted and the terms and conditions of the grant.

3.2. The board shall have the power, where consistent with the general purpose and intent of the plan and subject to the specific provisions of the plan:

- (a) to establish policies and to adopt, prescribe, amend or vary rules and regulations for carrying out the purposes, provisions and administration of the plan and to make all other determinations necessary or advisable for management of the plan;
- (b) to interpret and construe the plan and to determine all questions arising out of the plan and any option granted pursuant to the plan and any such interpretation, construction or determination made by the board shall be final, binding and conclusive for all purposes;
- (c) to grant options;
- (d) to determine the class and number of shares covered by each option;
- (e) to determine the option price;
- (f) to determine the period when the options will be vested and may be exercised;
- (g) to determine if the shares to be issued upon the exercise of an option are to be subject to any restrictions; and
- (h) to prescribe the form of the instruments relating to the grant, exercise and other terms of options which initially shall be substantially in the form annexed hereto.

#### **4. SHARES SUBJECT TO THE PLAN**

4.1. Options may be granted in respect of authorized and unissued Subordinate Voting Shares or Multiple Voting Shares or any combination thereof representing shares holding up to a maximum of 10% of the voting rights attached to all Subordinate Voting Shares and Multiple Voting Shares outstanding at the time of such grant of Options, provided that:

(a) the maximum number of Subordinate Voting Shares reserved by the Corporation for issuance and which may be purchased upon the exercise of all options on Subordinate Voting Shares outstanding at any particular time shall not exceed 10% of:

(i) the number of Subordinate Voting Shares issued and outstanding at the particular time;  
plus:

(ii) the number of Multiple Voting Shares issued and outstanding at the applicable time; multiplied by one hundred (100),

minus:

(iii) the number of options on Multiple Voting Shares outstanding at the applicable time multiplied by one hundred (100); and

(b) the maximum number of Multiple Voting Shares reserved by the Corporation for issuance and which may be purchased upon the exercise of all options on Multiple Voting Shares outstanding at any particular time shall not exceed 10% of:

(i) the number of Multiple Voting Shares issued and outstanding at the particular time;  
plus:

(ii) the number of Subordinate Voting Shares issued and outstanding at the applicable time divided by one hundred (100);

minus:

(iii) the number of options on Subordinate Voting Shares outstanding at the applicable time divided by one hundred (100).

4.2. No fractional options may be granted under the plan and no fractional shares may be purchased or issued under the plan.

4.3. An option to purchase one (1) Multiple Voting Share may be exercised to purchase one Multiple Voting Share or, at the election of the optionee, may be exercised to purchase one hundred (100) Subordinate Voting Shares.

4.4. An option to purchase one (1) Subordinate Voting Share may be exercised to purchase one Subordinate Voting Share or, at the election of the optionee, options to purchase one hundred (100) Subordinate Voting Shares may be exercised to purchase one (1) Multiple Voting Share.



## 5. ELIGIBILITY, GRANT AND TERMS OF OPTIONS

- 5.1. Options may only be granted to the directors, employees and consultants the Corporation.
- 5.2. Options are non-assignable and non-transferable.
- 5.3. Options that have been cancelled or that have expired without being exercised continue to be issuable under the plan.
- 5.4. At no time shall the period during which an option is exercisable exceed five (5) years from the date of grant.
- 5.5. If required by applicable securities law or securities regulatory requirements, Options and, if applicable, listed shares issued on the exercise of options must be legended with a four-month hold period commencing on the date on which the options were granted.
- 5.6. (a) The option price of Subordinate Voting Shares which are the subject of any option shall in no circumstances be lower than (i) the market price of the Subordinate Voting Shares at the close of markets on the business day immediately prior to the date of the grant of the option or (ii) the minimum exercise price permissible for Subordinate Voting Shares under the policies of any Exchange.  
(b) The option price of Multiple Voting Shares which are the subject of any option shall in no circumstances be lower than (i) the market price of the Multiple Voting Shares at the close of markets on the business day immediately prior to the date of the grant of the option or (ii) the minimum exercise price for Multiple Voting Shares permissible under the policies of any Exchange.
- 5.7. The maximum number of shares which may be reserved for issuance pursuant to any grant or grants of options to insiders (as a group) shall not, in any 12-month period, exceed 10% of the number of Subordinate Voting Shares and Multiple Voting Shares outstanding at the date of the grant (on a non-diluted basis) calculated on the basis that all Multiple Voting Shares shall be deemed to have been converted to Subordinate Voting Shares by using a multiplication factor of one hundred (100) and all options on Multiple Voting Shares shall be deemed to have been converted to options on Subordinate Voting Shares by using a multiplication factor of one hundred (100).
- 5.8. The maximum number of shares which may be reserved for issuance pursuant to any grant or grants of options to any one optionee shall not, in any 12-month period, exceed 5% of the number of Subordinate Voting Shares and Multiple Voting Shares outstanding at the date of the grant (on a non-diluted basis) calculated on the basis that all Multiple Voting Shares shall be deemed to have been converted to Subordinate Voting Shares by using a multiplication factor of one hundred (100) and all options on Multiple Voting Shares shall be deemed to have been converted to options on Subordinate Voting Shares by using a multiplication factor of one hundred (100).
- 5.9. The maximum number of shares which may be reserved for issuance pursuant to any grant or grants of options to any consultant shall not, in any 12-month period, exceed 2% of the number of Subordinate Voting Shares and Multiple Voting Shares outstanding at the date of the grant (on a non-diluted basis) calculated on the basis that all Multiple Voting Shares shall be deemed to have been converted to Subordinate Voting Shares by using a multiplication factor of one hundred (100) and all options on Multiple Voting Shares shall be deemed to have been converted to options on Subordinate Voting Shares by using a multiplication factor of one hundred (100).
- 5.10. The maximum number of shares which may be reserved for issuance pursuant to any grant or grants of options to persons employed to provide investor relations activities shall not, in any 12-month period, exceed 2% of the number of Subordinate Voting Shares and Multiple Voting Shares outstanding at the date of the grant (on a non-diluted basis) calculated on the basis that all Multiple Voting Shares shall be deemed to have been converted to Subordinate Voting Shares by using a multiplication factor of one hundred (100) and all options on Multiple Voting Shares shall be deemed to have been converted to options on Subordinate Voting Shares by using a multiplication factor of one hundred (100).
- 5.11. Options issued to consultants performing investor relations activities must vest in stages over a period of not less than twelve (12) months with no more than one quarter ( $\frac{1}{4}$ ) of such options vesting in any three-month period.
- 5.12. For stock options granted to employees or consultants, the Corporation must ensure that the optionee is a *bona fide* employee or consultant, as the case may be.
- 5.13. Subject to Section 5.11 above, Options must vest as follows:
  - (a) 25% at the date of the grant and
  - (b) 12.5% at the end of each three-month period thereafter,or such other percentage(s) and period(s) determined by the board at the time of the grant thereof.

## **6. EXERCISE OF OPTIONS**

6.1. Subject to the provisions of the plan, an option may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the secretary of the Corporation specifying the class and number of shares with respect to which the option is being exercised and accompanied by full payment in cash or by certified cheque, money order, bank draft or other form of payment acceptable to the Corporation, payable to the order of the Corporation, of the option price of the shares to be purchased at that time. Certificates for such shares shall be issued and delivered to the optionee within a reasonable period of time following the receipt of such notice and payment.

6.2. Notwithstanding any of the provisions contained in the plan or in any option, the Corporation's obligation to issue shares to an optionee pursuant to the exercise of an option shall be subject to:

- (a) obtaining approval of such governmental or regulatory authority as counsel to the Corporation shall reasonably determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the receipt from the optionee of such representations as the Corporation or its counsel reasonably determines to be necessary or advisable in order to safeguard against the violation of the securities laws or regulatory requirements of any jurisdiction;
- (c) the receipt of such tax remittances for income taxes or withholdings thereof as the Corporation or its counsel reasonably determines to be required in order to comply with the *Income Tax Act* (Canada) or the taxation legislation of any other jurisdiction having authority over the Corporation or the optionee exercising such option.

## **7. TERMINATION OF EMPLOYMENT OR MANDATE, DEATH**

7.1. Subject to any provision of the plan and any express resolution passed by the board with respect to an option, an option and all rights to purchase pursuant thereto, shall expire at the earlier of (i) the expiry date thereof or (ii) ninety (90) days after the optionee ceases to be a director, employee or consultant of the Corporation or, if the optionee provides investor relation services, thirty (30) days after the end of such optionee's mandate.

7.2. In case of the death of an optionee, any option may, subject to the terms thereof and any other terms of the plan, be exercised by the legal representative(s) of the estate of the deceased optionee at any time during the twelve (12) months following the death of the optionee but prior to the expiry of the option and only to the extent that such option had vested and the optionee was entitled to exercise such option at the date of death.

## **8. CHANGE IN CONTROL AND CERTAIN ADJUSTMENTS**

8.1. Notwithstanding any other provision of this plan, in the event of:

- (a) the acquisition by any person who was not, immediately prior to the effective time of the acquisition, a registered or a beneficial shareholder in the Corporation, of shares or rights or options to acquire shares of the Corporation or securities which are convertible into shares of the Corporation or any combination thereof such that, after the completion of such acquisition, such person would be entitled to exercise thirty percent (30%) or more of the votes entitled to be cast at a meeting of the shareholders; or
- (b) the sale by the Corporation of all or substantially all of the property or assets of the Corporation;

then, notwithstanding that at the effective time of such transaction an option may not be fully vested or for any other reason the optionee may not be entitled to all of the shares granted by an option, the optionee shall be entitled to exercise such options to the full amount of the shares granted by the option within ninety (90) days of the close of any such transaction.

8.2. With respect to options granted or to be granted, appropriate adjustments, in the number of shares optioned and in the option price shall be made by the board to give effect to adjustments in the number of shares of the Corporation resulting from reclassifications, subdivisions or consolidations of the shares of the Corporation, the payment of stock dividends or cash dividends by the Corporation (other than dividends in the ordinary course), the distribution of securities, property or assets by way of dividend or otherwise (other than dividends in the ordinary course), or other relevant changes in the capital stock of the Corporation or the amalgamation or merger of the Corporation with or into any other entity, subsequent to the approval of the plan by the board. The appropriate adjustment in any particular circumstance shall be conclusively determined by the board in its sole discretion, subject to approval by the shareholders of the Corporation and to acceptance by the Exchange, if applicable.

## **9. AMENDMENTS OR DISCONTINUANCE OF PLAN**

9.1. The board may amend or discontinue the plan at any time upon receipt of requisite regulatory approvals; provided, however, that no such amendment may increase the maximum number of shares that may be optioned under the plan, change the manner of determining the minimum option price or alter or impair any of the terms of any option previously granted to an optionee under the plan.

9.2. A disinterested shareholder approval must be obtained for any reduction in the price of any option if the applicable optionee is an insider of the Corporation at the time of the proposed amendment.

#### **10. MISCELLANEOUS PROVISIONS**

10.1. The holder of an option shall not have any rights as shareholder of the Corporation with respect to any of the shares covered by such option until (i) such holder shall have exercised such option in accordance with the terms of the plan (including tendering payment in full of the option price of the shares in respect of which the option is being exercised) and (ii) the Corporation shall have issued the corresponding shares.

10.2. Nothing in the plan or any option shall confer upon an optionee any right to continue in the employ of the Corporation or affect in any way the right of the Corporation to terminate such optionee's employment at any time.

#### **11. SHAREHOLDERS AND REGULATORY APPROVAL**

11.1. Any amendments to the plan shall be subject to the approval of the shareholders of the Corporation to be given by a resolution passed at a meeting of the shareholders of the Corporation and to acceptance by any regulatory authorities having jurisdiction. Any options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given.

**APPROVED BY THE BOARD OF DIRECTORS**

**SCHEDULE TO STOCK OPTION PLAN, AS AMENDED**

**STOCK OPTION CERTIFICATE**

**KWG RESOURCES INC.** (the “**Corporation**”), for good and valuable consideration, hereby grants to the optionee set forth below an option to purchase shares of the Corporation. The option shall be subject to the terms and conditions set forth in the Corporation’s stock option plan (the “**plan**”), as the same may be amended or replaced from time to time and, in addition, shall be subject to the terms set forth below:

OPTIONEE: \_\_\_\_\_

POSITION WITH THE CORPORATION: \_\_\_\_\_

CLASS OF SHARES: \_\_\_\_\_

NUMBER OF SHARES OF THAT CLASS: \_\_\_\_\_

OPTION PRICE: \_\_\_\_\_

EXPIRY DATE: \_\_\_\_\_

RIGHTS OF EXERCISE: \_\_\_\_\_

At 5:00 p.m. (Toronto time) on the expiry date, the options represented hereby will expire and terminate and be of no further force and effect whatsoever as to any shares for which the options represented hereby have not been exercised.

Where used herein all defined terms shall have the respective meanings attributed thereto in the plan. The options represented hereby are not assignable or transferable.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**KWG RESOURCES INC.**

Per: \_\_\_\_\_  
*Authorized officer of the Corporation*

The undersigned hereby acknowledges receipt of a copy of the plan and accepts and agrees to the grant of the options represented hereby on the terms and conditions set forth herein and in the plan effective as of the date above written.

**SIGNED** this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Signature of Optionee