

HERCULES RESOURCES CORP.

(the "Company")

820 – 1130 West Pender Street

Vancouver, BC, V6E 4A4

Telephone: (855) 791-4653

NOTICE OF 2025 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2025 Annual General Meeting (the "Meeting") of shareholders of **Hercules Resources Corp.** (the "Company") will be held at 200 – 2630 Croydon Drive, Surrey, BC, on Monday, March 31, 2025, at the hour of 11:00 a.m. PST for the following purposes:

- (a) To receive and consider the report of the directors, the audited financial statements of the Company for the period ended September 30, 2024, and the report of the auditor thereon;
- (b) To appoint an auditor for the ensuing year at a remuneration to be fixed by the directors;
- (c) To fix the number of directors at five;
- (d) To elect directors for the ensuing year;
- (e) To authorize the directors, at their discretion, to issue securities exceeding 100% of the currently issued and outstanding shares in connection with any equity financing.
- (f) To approve the share option plan; and
- (g) To transact such other business as may be properly transacted at the Meeting or at any adjournment thereof.

Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting, must complete, date and execute the enclosed form of Proxy, or another suitable form of Proxy, and deliver it in accordance with the instructions set out in the form of Proxy and in the Information Circular.

Unregistered shareholders who plan to attend the Meeting must follow the instructions set out in the form of Proxy and in the Information Circular to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you may not be a registered shareholder.

DATED at the City of Vancouver, in the Province of British Columbia, as of the 24th day of February, 2025.

BY ORDER OF THE BOARD OF DIRECTORS

"Michael Smith"

**Michael Smith,
President & CEO**



HERCULES

Resources Corp.

(the "Company")

820 – 1130 West Pender Street
Vancouver, BC V6E 4A4
Telephone: (855) 791-4653

INFORMATION CIRCULAR

as at February 24, 2025

This Information Circular is furnished in connection with the solicitation of proxies by the management of Hercules Resources Corp. (the "Company") for use at the Annual General Meeting (the "Meeting") of its shareholders to be held on Friday, March 31, 2025, at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Information Circular, references to the "Company", "we" and "our" refer to Hercules Resources Corp. "Common Shares" means common shares without par value in the capital of the Company. "Beneficial Shareholders" means shareholders who do not hold Common Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the "Proxy") are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy in accordance with the instructions set out in this Information Circular.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein; and
- (iii) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may choose one of the following options:

- a) To Vote Your Proxy Online please visit: <https://vote.odysseytrust.com> and click on LOGIN. You will require the CONTROL NUMBER printed with your address to the right on your proxy form. If you vote by Internet, do not mail this proxy.
- b) By mail or personal delivery to Odyssey Trust Company, Attn: Proxy Department, Suite 702, 67 Yonge St., Toronto, ON M5E 1J8; or
- c) By fax to Odyssey, to the attention of the Proxy Department at 1-800-517-4553 (toll-free within Canada and the U.S.) or 416-263-9524 (international).

Whatever method the Registered Shareholder chooses to submit the Proxy, they must ensure the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of intermediaries. In Canada the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: Objecting Beneficial Owners (“OBOs”) object to their name being made known to the issuers of securities which they own; and Non-Objecting Beneficial Owners (“NOBOs”) who do not object to the issuers of the securities they own knowing who they are.

The Company is taking advantage of the provisions of National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer (“NI 54-101”) that permit the Company to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (“VIF”) from Broadridge. The VIF is to be completed and returned to Broadridge as set out in the instructions provided on the VIF. Broadridge will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These security holder materials are being sent to both registered and non-registered (beneficial) owners of the securities of the Company. If you are a beneficial owner, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in the request for voting instructions that was sent to you.

The Company’s OBOs can expect to be contacted by Broadridge (as defined below) or their brokers or their broker’s intermediary. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation. Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The proxy form supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada and in the United States. Broadridge mails a VIF in lieu of the proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), who is different from any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative, which may be you, in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada.

Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it by:

- (i) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to **Odyssey or to the address of the Company at 820 – 1130 West Pender Street, Vancouver, BC V6E 4A4**, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (ii) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and the ratification of and amendment to the stock option plan and as may be set out herein.

RECORD DATE AND QUORUM

The Board of Directors (the "**Board**") of the Company have fixed the record date for the Meeting at the close of business on February 24, 2025 (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

Under the Company's articles, the quorum for the transaction of business at the Meeting is: one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As of February 24, 2025, there were 2,665,563 Common Shares of the Company issued and outstanding, each carrying the right to one vote. No Class A shares have been issued. The Company's Common Shares are listed on the Canadian Securities Exchange (the "**CSE**") and trade under the symbol HERC.

To the knowledge of the directors and executive officers of the Company and based on the Company's review of the records maintained by Computershare, electronic filings with System for Electronic Document Analysis and Retrieval (SEDAR+) and insider reports filed with System for Electronic Disclosure by Insiders (SEDI), as of February 24, 2025 no persons or corporations beneficially own, directly or indirectly, or exercise control or direction over, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company.

STATEMENT OF CORPORATE GOVERNANCE

Corporate Governance

Corporate Governance relates to the activities of the Board of Directors (the "**Board**"), the members of which are elected by and are accountable to the shareholders. Corporate governance also takes into account the role of the individual members of management appointed by the Board who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* establishes Corporate Governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Policy 58-101 *Disclosure of Corporate Governance Practices*, the Company is required to disclose its corporate governance practices, as summarized below in accordance with Form 58-101F2. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

Board of Directors

The Board is currently composed of five (5) directors, Michael Smith, Jamie Lewin, Leif Smither, Jason Hawkins and Gordon Lam. It is proposed that five (5) directors, Michael Smith, Jamie Lewin, Leif Smither, Jason Hawkins and Gordon Lam be nominated for election at the Meeting. Leif Smither, Jason Hawkins and Jamie Lewin are independent directors (as that term is defined in National Instrument 52-110 *Audit Committees* ("NI 52-110")). Michael Smith, is the President and CEO, and Gordon Lam is the former President and CEO of the Company, therefore they are not independent directors for the purposes of NI 52-110.

Directorships

The following table sets forth the directors of the Company who currently hold directorships in other reporting issuers.

Name of Director	Other Issuer	Exchange Listed
Jamie Lewin	Genix Pharmaceuticals Corporation	TSXV
Leif Smither	Usha Resources Ltd.	TSXV
Gordon Lam	Etruscus Resources Corp.	CSE

Orientation and Continuing Education

Each new director is given an outline of the nature of the Company's business, its corporate strategy and current issues within the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company's business and are given the opportunity to meet with counsel to the Company to discuss their legal obligations as director of the Company.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities rules and policies and is on the mailing list of the CSE to receive updates to any of those policies. Any

such changes or new requirements are then brought to the attention of the Company's directors either by way of director or committee meetings or by direct communication from management or the directors.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest, are sufficient to ensure the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Under applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interest of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction is a director or officer (or an individual acting in a similar capacity) of a party to the contract or voting on the contract or transaction, unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid, and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual general meeting, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, show support for the Company's mission and strategic objectives, and a willingness to serve.

The Company has adopted advance notice provisions within the Articles of the Company (the "Advance Notice Provisions").

The Advance Notice Provisions are intended to facilitate an orderly and efficient annual and/or special meeting process and ensure that all shareholders receive adequate notice and information about director nominees. The Advance Notice Provisions provide a clear process for shareholders to follow to nominate directors, and sets out a reasonable time for nominee submissions to be considered.

The Advance Notice Provisions fix a deadline by which holders of record of the Company's common shares must submit director nominations to the Company prior to any annual or special meeting of shareholders,

and sets out the information that a shareholder must include in such notice to the Company. In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days nor more than 65 days prior to the date of the annual meeting, unless the annual meeting is to be held less than 40 days after the meeting was first announced, in which case notice may be made no later than the close of business on the 10th day after the announcement. In the case of a special meeting of the shareholders, notice to the Company must be made no later than the close of business on the 15th day following public announcement of the date of the special meeting

Compensation

The Board as a majority agrees to compensation for the Company's officers, based on industry standards and the Company's financial situation. Members of the Board do not currently receive any additional remuneration for acting in such capacity.

Other Board Committees

The Board has no committees other than the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees of the Board.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

Pursuant to Section 224(1) of the *Business Corporations Act* (British Columbia) and policies of the CSE, the Company is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

Audit Committee Charter

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities by reviewing the financial information, which will be provided to the shareholders and the public, the systems of corporate controls, which management and the Board have established, and overseeing the audit process. It has general responsibility to oversee internal controls, accounting and auditing activities and legal compliance of the Company. The Committee also is mandated to review and approve all material related party transactions. A copy of the Audit Committee Charter is annexed hereto as Schedule "A".

Composition of the Audit Committee

Members of the Audit Committee are:

Gordon Lam	Not Independent ⁽¹⁾	Financially literate ⁽¹⁾
Leif Smither	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Jamie Lewin	Independent ⁽¹⁾	Financially literate ⁽¹⁾

Note: (1) As defined by NI 52-110.

As the Company is a 'venture issuer' as defined in NI 52-110 it will rely on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of the Audit Committee). Pursuant to section 6.1.1 of NI 52-110, a majority of the members of the Audit Committee are not executive officers, employees or control persons of the Company.

Relevant Education and Experience

Gordon Lam has extensive business experience in the management of private and public companies. He is the former CEO and a current director of Etruscus Resources Corp. (a CSE listed issuer), on which he also sits on the audit committee. He was the former CEO and a director of Golcap Resources Corp. (a CSE listed issuer) and sat on its audit committee. He is also currently the CEO of Hatch 8 Capital (October 2014 – present). In addition, Mr. Lam also currently serves as the Chief Financial Officer of Matoot Games Ltd. (March 2014 – present). Previously, Mr. Lam has been self-employed as a consultant (July 2013 –October 2014) and has served as an investment advisor with PI Financial Corp. (January 2009 – July 2013).

Leif Smither is a non-practicing Professional Financial Advisor and was previously the President of Jaxon Mining Inc. (a TSXV listed issuer). Mr. Smither previously served as a member of the audit committee of Orchid Ventures Inc. (formerly Earny Resources Ltd.), a CSE listed issuer, Golcap Resources Corp, a CSE listed issuer, and Jaxon Mining Inc., a TSXV listed issuer.

Jamie Lewin is a Chartered Professional Accountant and has more than 25 years’ experience in accounting and finance for private and public companies in brokerage, investment, manufacturing, distribution and resources. He was CFO of Vanc Pharmaceuticals and is the principal of Best Fit Consulting.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

Except as described in the audit committee charter, the Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

Fees incurred with the Company’s Auditor for audit and non-audit services in the Company’s last two fiscal years are outlined in the following table:

	Fees Paid to Auditor in Fiscal Year Ended September 30, 2024	Fees Paid to Auditor in Fiscal Year Ended September 30, 2023
Audit Fees ⁽¹⁾	\$ 25,000	\$ 19,000
Audit-related Fees ⁽²⁾	305	6,500
Tax Fees ⁽³⁾	3,800	1,700
All Other Fees ⁽⁴⁾	-	5,000
Total	\$ 29,105	\$ 32,200

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit of the Company’s financial statements and also fees incurred in relation to the performance of quarterly reviews. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

Exemption

The Company, as a “Venture Issuer” as defined in NI 52-110, has relied on the exemption set forth in section 6.1 of NI 52-110 with respect to the requirements of Parts 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officers

In accordance with the provisions of applicable securities legislation, the Company had four “Named Executive Officers” during the financial year ended September 30, 2024, namely Michael Smith, Chief Executive Officer, Tyler Friesen, Chief Financial Officer, Gordon Lam, former Chief Executive Officer, and Alan Tam, former Chief Financial Officer, for the purpose of this Information Circular:

“CEO” of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity for any part of the most recently completed financial year;

“CFO” of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity for any part of the most recently completed financial year;

“Executive Officer” of an entity means an individual who is:

- (a) the Chair of the Company, if any;
- (b) the Vice-Chair of the Company, if any;
- (c) the President of the Company;
- (d) a Vice-President of the Company in charge of a principal business unit, division or function including sales, finance or production;
- (e) an Officer of the Company who performs a policy-making function in respect of the Company; or
- (f) any other individual who performs a policy-making function in respect of the Company;

“Named Executive Officers” or “NEOs” means:

- (a) the CEO of the Company;
- (b) the CFO of the Company;
- (c) each of the Company’s three most highly compensated Executive Officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
- (d) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an Executive Officer of the Company, nor in a similar capacity, at the end of the most recently completed financial year.

Compensation Discussion and Analysis

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation for this fiscal year and prior fiscal years has historically been based upon a negotiated salary, with option-based awards and bonuses potentially being issued and paid as an incentive for performance.

As the Company does not have a Compensation Committee, the Board has the responsibility to administer compensation policies related to executive management.

Summary Compensation Table

The following table presented in accordance with NI 51-102F6, Statement of Executive Compensation, sets forth all annual and long term compensation paid to the NEOs for services in all capacities to the Company for the past three completed financial years ended.

Table of compensation excluding compensation securities							
Name and position ⁽¹⁾⁽²⁾	Year ended September 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Michael Smith, CEO and Director	2024	85,000	Nil	Nil	Nil	Nil	85,000
	2023	Nil	Nil	Nil	Nil	Nil	Nil
Tyler Friesen, CFO & Corporate Secretary	2024	70,000	Nil	Nil	Nil	Nil	70,000
Gordon Lam, Director and former CEO, Corporate Secretary and Director	2024	5,000	Nil	Nil	Nil	Nil	5,000
	2023	52,000	Nil	Nil	Nil	Nil	52,000
	2022	36,000	Nil	Nil	Nil	Nil	36,000
Alan Tam, former CFO and Director	2024	4,000	Nil	Nil	Nil	Nil	4,000
	2023	19,700	Nil	Nil	Nil	Nil	19,700
	2022	9,300	Nil	Nil	Nil	Nil	9,300
Jamie Lewin	2024	Nil	Nil	Nil	Nil	Nil	Nil
Leif Smither, Director	2024	Nil	Nil	Nil	Nil	Nil	Nil
	2023	1,000	Nil	Nil	Nil	Nil	1,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Stephen Diakow, director Gerald former	2024	Nil	Nil	Nil	Nil	Nil	Nil
	2023	18,887	Nil	Nil	Nil	Nil	18,887
	2022	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The value of the option-based award is determined using the Black-Scholes option-pricing model.
- (2) Gordon Lam resigned as CEO on October 13, 2023 and as Corporate Secretary on November 17, 2023. He remains a director.
- (3) Alan Tam resigned as CFO and as a director of the Company on November 17, 2023.
- (4) Tyler Friesen was appointed as CFO on November 17, 2023.
- (5) Stephen Gerald Diakow resigned as a director on September 27, 2023.
- (6) Mike Smith was appointed as a director on September 27, 2023 and as CEO on October 13, 2023.

- (7) Jamie Lewin was appointed as a director on November 17, 2023.
 (8) Jason Hawkins was appointed as a director on October 24, 2024, subsequent to September 30, 2024.

External Management Companies

Except as described below, none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

During the year ended September 30, 2024, the Company had an oral consulting arrangement with Alan Tam, Inc., for the provision of the services of Mr. Alan Tam, as the Company's former CFO under which the Company a monthly rate of \$2,000 to Alan Tam, Inc., this terminated during the year.

During the year ended September 30, 2024, the Company has an oral consulting arrangement with Hatch 8 Capital. for the provision of the services of Mr. Gordon Lam as the Company's former CEO and Corporate Secretary under which the Company paid a fee of \$5,000 per month to Hatch 8 Capital, this terminated during the year.

During the year ended September 30, 2024, the Company has oral consulting arrangements with Emciem Ventures Ltd and Kingfisher Consulting Ltd, the CEO's and CFO's consulting companies, for which each is paid \$7,500 and \$6,000 per month, respectively.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO or director by the Company or its subsidiaries during the financial year ended September 30, 2024, for services provided, directly or indirectly to the Company or any of its subsidiaries:

Compensation Securities							
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 ended September 30, 2024 (\$)	Expiry date
Michael Smith, Director and CEO	Options	30,000/12.63%	January 17, 2024	\$1.55	\$1.55	\$0.40	January 17, 2029
Jamie Lewin, Director	Options	7,500/3.12%	January 17, 2025	\$1.55	\$1.55	\$0.40	January 17, 2029
Tyler Friesen, CFO	Options	20,000/ 8.42%	January 17, 2024	\$1.55	\$1.55	\$0.40	January 17, 2029

No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified in the Company's financial year ended September 30, 2024.

The following table discloses the total amount of compensation securities held by the NEOs and directors as at September 30, 2024.

Name and Position	Number and Type of Compensation Securities
Gordon Lam, Director and former CEO and Corporate Secretary	20,000 options
Michael Smith, Director & CEO	30,000 options
Tyler Friesen, CFO	20,000 options
Leif Smither, Director	12,500 options
Jamie Lewin, Director	7,500 options

There are no other restrictions or conditions for converting, exercising or exchanging the compensation securities.

No compensation securities were exercised by NEOs and directors during the financial year ended September 30, 2024.

Stock Option Plan and Other Incentive Plans

The Corporation's current Share Option Plan (the "Plan") has been established in accordance with the policies of the CSE. The number of Common Shares reserved for issuance pursuant to the exercise of stock options under the Plan is equal to 10% of the number of issued and outstanding Common Shares of the Corporation at any given time on a "rolling" basis.

The Plan was established to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Corporation. The intention of management in proposing the Plan was and is to increase the proprietary interest of such persons in the Corporation and thereby aid the Corporation in attracting, retaining and encouraging the continued involvement of such persons with the Corporation. The Plan is administered by the Corporation's board who has the authority to grant options to directors, officers, employees and consultants. At the time an option is granted, the board will determine the terms of the option, including the exercise price and any vesting provisions, providing the same are in accordance with the CSE policies.

Pursuant to the policies of the CSE, a "rolling" stock option plan must be approved and ratified every three years by the Shareholders. The Plan was most recently approved at the Company's last Annual General Meeting held on March 4, 2024.

Options may be granted under the Plan as the Board may from time to time designate. The exercise prices shall be determined by the Board but shall, in no event, be less than the greater of the closing market price of the common shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options, in accordance with the policies of the CSE. The Plan provides that the number of all shares reserved for issuance will not exceed 10% of the issued and outstanding shares, from time to time.

Options may be issued to persons conducting investor relations activities, in any 12 month period, of an aggregate number of shares not exceeding 2% of the issued and outstanding shares at the time of grant, in accordance with changes to the policies of the CSE.

Options may be exercised up to 90 days following cessation of the optionee's position with the Company, unless the optionee has been terminated for cause in which case options will be terminated immediately. Additionally, if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Options will expire not later than the date which is ten years from the date of grant. Options granted under the Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. The Board of the Company may, in its absolute discretion impose such limitations or conditions on the exercise or vesting of any options granted under the Plan as it deems appropriate. On the occurrence of a takeover bid, issuer bid or going private transaction, the Board will have the right to accelerate the date on which any option becomes exercisable.

In the event of a "change in control event", the Plan gives the Board the power to make such arrangements as it shall deem appropriate for the exercise of outstanding options or continuance of outstanding options, including to amend or modify the Plan or any stock option agreement to permit the exercise of any or all of the remaining options prior to the completion of any such transaction.

For the purposes of the Plan, a "change of control event" constitutes any of the following:

- (a) a person makes an offer to acquire shares that, regardless of whether the acquisition is completed, would make the person the beneficial owner of twenty percent (20%) or more of the outstanding shares of the Company (an "Acquiring Person");
- (b) an Acquiring Person makes an offer, regardless of whether the acquisition is completed, to acquire shares;
- (c) the Company proposes to sell all or substantially all of its assets and undertaking;
- (d) the Company proposes to merge, amalgamate or be absorbed by or into any other corporation (save and except for a subsidiary) under any circumstances which involve or may involve or require the liquidation of the Company, a distribution of its assets among its shareholders, or the termination of the corporate existence of the Company;
- (e) the Company proposes an arrangement as a result of which a majority of the outstanding shares of the Company would be acquired by a third party; or
- (f) any other form of transaction is proposed which the majority of the Board determines is reasonably likely to have similar effect any of the foregoing.

The terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company, if listed on the CSE, must post notice of the cancellation and shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

A copy of the Plan is available on request and will be available for review at the Meeting.

Employment, Consulting and Management Agreements

The Company has entered into any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities.

Oversight and Description of Director and Named Executive Officer Compensation.

The objective of the Company's compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Company, the Company's resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Company does not provide pension or other benefits to the executive officers. The Company does not have pre-existing performance criteria or objectives. All significant elements of compensation awarded to, earned by, paid or payable to NEOs are determined by the Company on a subjective basis. The Company has not used any peer group to determine compensation for its directors and NEO.

The Board has the responsibility to administer compensation policies related to executive management of the Company, including option-based awards. The Board has approved the Stock Option Plan pursuant to which the Board has granted stock options to executive officers. The Stock Option Plan provides compensation to participants and an additional incentive to work toward long-term company performance. The Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers with the interests of shareholders.

The Board has not approved any specific policy concerning director compensation and does not plan to pay directors fees.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

As the Company does not have a Compensation Committee, the Board has the responsibility to administer compensation policies related to executive management.

Pension Disclosure

The Company does not have any pension or retirement plan which is applicable to the NEOs or directors. The Company has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Company, in connection with or related to the retirement, termination or resignation of such person, and the Company has provided no compensation to any such person as a result of a change of control of the Company.

MANAGEMENT CONTRACTS

The Company is not a party to any management contract.

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the executive officers of the Company.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has a “rolling” stock option plan (the “Plan”). Pursuant to the Plan, the Company can grant options up to a maximum of 10% of the Company’s issued and outstanding share capital. As at the date of this Information Circular, the Company has issued a total of 237,500 options pursuant to the Plan. For further information regarding the terms of the Plan, refer to the heading “*Particulars of Other Matters to be Acted Upon - Share Option Plan*” below.

The following table sets out equity compensation plan information as at the end of the financial year ended September 30, 2024.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders - (the Option Plan)	237,500	\$1.40	2,428,063
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	237,500	N/A	2,428,063

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At any time during the Company’s last completed financial year, no director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company is or has been indebted to the Company or is or has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

This Information Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company’s most recently completed financial year, or in any proposed transaction which has materially affected or would materially affect the Company.

During the Company’s fiscal year ended September 30, 2024, the Company:

- a) Paid or accrued management fees of \$5,000 (2023 - \$52,000) to a director & the former CEO of the Company.
- b) Paid or accrued professional fees of \$4,000 (2023- \$19,700) to the former CFO & director of the Company.
- c) Paid or accrued geological and geophysical costs of \$Nil (2023 - \$18,887) to a director of the Company.

- d) Paid or accrued consulting fees of \$Nil (2023 - \$1,000) to a director of the Company.
- e) Paid or accrued management fees of \$85,000 (2023 - \$Nil) to the CEO of the Company.
- f) Paid or accrued professional fees of \$64,000 (2023 - \$Nil) to the CFO of the Company.
- g) Share-based payments expense of \$78,606 (2023 - \$Nil) to directors and officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

At the Meeting management will present the audited financial statements of the Company for the fiscal year ended September 30, 2024, together with the auditor’s report thereon and the related management discussion & analysis to the shareholders for their review and consideration. Copies of these documents are available for review on SEDAR+ at www.sedarplus.ca.

Election of Directors

The size of the Company’s Board is currently determined at five (5) directors, and the Board proposes that the number of directors remain at five (5). Shareholders will be asked to approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director’s office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the “BCA”), each director elected will hold office until the conclusion of the next annual general meeting of the Company.

The following table sets out the names of management’s nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee’s principal occupation, business or employment (including for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Information Circular.

Nominee Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled ⁽¹⁾
Michael Smith President and Chief Executive Officer British Columbia, Canada	Principal of Emciem Ventures Ltd.	Since September 27, 2023	29,411
Leif Smither Director British Columbia, Canada	Director of Golcap Resources Inc. (CSE listed) from June 2020 to February 2022; Director of Usha Resources Ltd. (TSXV listed) from August 2018 to Present, Director of Orchid Ventures Inc. (CSE listed) from February 2011 to March 2019 President of Jaxon Mining Inc. (TSXV resource issuer) from August 2008 to October 2016 (director from October 2006 to October 2016)	Since January 31, 2022	10,000

Nominee Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled ⁽¹⁾
Gordon Lam Director British Columbia, Canada	President and CEO of Etruscus Resources Corp. (CSE listed exploration company) from January 2018 to June 2021 (director from July 2017 to Present), President and CEO of Golcap Resources Corp. (CSE listed) from June 2020 to October 2021 (director from September 2019 to October 2021), CEO of Hatch 8 Capital (private investment and consulting company) from October 2014 to Present, CFO of Matoot Games Ltd. (private gaming company) from March 2014 to Present, CEO of the Company from January 2021 to October 2023,	Since January 15, 2021	122,500
Jamie Lewin Director British Columbia, Canada	Principal of Best-Fit Consulting	Since November 17, 2023	Nil
Jason Hawkins Director Ontario, Canada	Principal of Pelorus Capital	October 24, 2024	NIL

Note:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned has been furnished by the respective nominees. Common Shares Beneficially owned, are voting securities beneficially owned, directly or indirectly, or over which the director nominee exercises control or direction.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. **The persons named in the enclosed form of proxy intend to vote for the election of all of the nominees whose names are set forth above.**

Cease Trade Orders and Bankruptcies

Other than as described below, no director or proposed director of the Company is, or within the ten years prior to the date of this Circular, has been a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order 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; or
- (c) 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.

Individual Bankruptcies

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

No director or proposed director has, within the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

Director Authorization of Share Issuance

The Company is seeking shareholder approval to authorize the Board of Directors, at their discretion, to issue securities exceeding 100% of the currently issued and outstanding shares in connection with any equity financing. This authority would provide the Company with flexibility to secure necessary funding opportunities that may arise, particularly in cases where larger financing transactions are required to support corporate growth, strategic initiatives, or operational needs.

Without this approval, the Company may face limitations in its ability to efficiently raise capital, potentially impacting its financial position and ability to execute its business objectives. Granting this authority ensures that the Board can act swiftly in the best interests of the Company and its shareholders when market conditions or strategic opportunities necessitate significant equity issuances.

Appointment of Auditor

DMCL Chartered Professional Accountants LLP, 1500 – 1140 West Pender St., Vancouver, BC V6E 4G1, will be nominated at the Meeting for re-appointment as auditor of the Company until the next annual general meeting of shareholders of the Company at a remuneration to be fixed by the Board. DMCL has been the Company's auditor since its incorporation.

Stock Option Plan

A copy of the Plan is available on request and will be available for review at the Meeting for shareholder's consideration for renewal. Details of the Plan are also included in this circular on Page 12.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found in the Company's audited comparative financial statements for the financial year ended September 30, 2024 and the accompanying auditor's report and related management discussion and analysis. Copies of the Company's financial statements and related management discussion and analysis, and additional copies of this Information Circular, may be obtained from SEDAR+ at www.sedarplus.ca and upon request from the Company's Secretary at 820-1130 West Pender St., Vancouver, BC, V6E 4A4, Tel: (855) 791-4651, Email: info@herculesresourcescorp.com.

OTHER MATTERS

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

The contents of this Information Circular and its distribution to shareholders have been approved by the Company's Board.

DATED at Vancouver, British Columbia, February 24, 2025.

BY ORDER OF THE BOARD

/s/ "Michael Smith"

Michael Smith
Chief Executive Officer

SCHEDULE "A"

HERCULES RESOURCES CORP. (the "Company")

AUDIT COMMITTEE CHARTER

1.0 Purpose of the Committee

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under NI 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 At least one Member of the Audit Committee must be "financially literate" as defined under NI 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

3.0 Meeting Requirements

3.1 The Audit Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically and shall be at such times and places as the Audit Committee determines. Without meeting, the Audit Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Audit Committee shall constitute a quorum.

4.0 Duties and Responsibilities

4.1 The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;

- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying MD&A, including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;
- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Company;
and
- (p) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

5.0 *Miscellaneous*

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Audit Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Audit Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

SCHEDULE “B”

SPECIAL RIGHTS AND RESTRICTIONS TO ATTACH TO CLASS A SHARES

26. Rights, Privileges, Restrictions and Conditions Attaching to the Common Shares and the Class A Shares

26.1 Voting

The holders of the Common Shares shall be entitled to receive notice of, and to attend and vote at all meetings of shareholders of the Company and on a poll to have one vote for each share held except meetings at which only holders of a specified class of shares are entitled to vote.

26.2 Dividends

The holders of the Common Shares shall be entitled to dividends from time to time as determined by the directors.

26.3 Distribution

In the event of the liquidation, dissolution or winding-up of the Company whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares shall be entitled to receive the remaining property of the Company, equally with the holders of the Class A Shares.

27. Additional Rights, Privileges, Restrictions and Conditions Attaching to the Class A Shares

27.1 Rights and Restrictions

The Class A Shares shall have attached thereto the following rights, privileges, restrictions and conditions in addition to the rights, privileges, restrictions and conditions attached to the Class A Shares as a class.

27.2 Dividends

The holders of the Class A Shares shall be entitled to dividends from time to time as determined by the directors.

27.3 Voting

The holders of the Class A Shares shall be entitled to vote, equally with the Common Shares, at all meetings of shareholders of the Company except meetings at which only holders of a specified class of shares are entitled to vote.

27.4 Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding-up of the Company whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Class A Shares shall be entitled to receive the remaining property of the Company equally with the holders of the Common Shares.

27.5 Right of Conversion

The holders of the Class A Shares shall have the right at any time to convert the outstanding Class A Shares, on a pro-rata basis, into Common Shares of the Company (the “**Conversion Privilege**”) on the basis of five Common Shares, as constituted on the date of issuance of the Class A Shares (the “**Conversion Price**”) for each Class A Share so converted.

27.6 Manner of Exercise of Conversion Privilege

The Conversion Privilege may be exercised in whole or in part, and from time to time, by notice in writing given to the Company at its registered office, accompanied by the certificate or certificates representing the Class A Shares in respect of which the holder thereof desires to exercise such right of conversion, as applicable. Such notice shall be signed by such holder or his duly authorized attorney and shall specify the number of Class A Shares which the holder desires to have converted. If less than all the Class A Shares represented by a certificate or certificates accompanying any such notice are to be converted, the holder shall be entitled to receive, at the expense of the Company, a new certificate representing the number of Class A Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted.

27.7 New Certificates on Conversion

On any conversion of Class A Shares, the share certificates for Common Shares of the Company resulting therefrom shall be issued in the name of the registered holder of the Class A Shares converted or in such name or names as such registered holder may direct in writing (either in the notice herein referred to or otherwise), provided that such registered holder shall pay any applicable security transfer taxes. In either instance, and in the case of an exercise of the Conversion Privilege, the transfer form on the back of the certificates in question shall be endorsed by the registered holder of the Class A Shares or his duly authorized attorney, with signature guaranteed in a manner satisfactory to the Company, provided that the Company may waive the requirement for any such guarantee.

27.8 Deemed Conversion

Subject as hereinafter provided, the right of a holder of Class A Shares to convert the same into Common Shares shall be deemed to have been exercised, and such holder (or any person or persons in whose name or names any such holder of Class A Shares shall have directed certificates representing Common Shares to be issued as provided in Section 27.7 hereof) of Class A Shares to be so converted shall be deemed to have ceased to be a holder of such Class A Shares and to have become (and at all times on such date to be) a holder of Common Shares for all purposes on the date of surrender to the Company of one or more certificates duly endorsed representing the Class A Shares to be converted, notwithstanding any delay in the delivery of the certificate or certificates representing the Common Shares into which such Class A Shares have been converted.

27.9 Fractional Shares

The number of Common Shares to be issued upon the exercise of the Conversion Privilege shall be the quotient obtained when the number of Class A Shares being converted is divided by the Conversion Price (as applicable and as may be adjusted from time to time in accordance with Section 27.10 below). Should such quotient consist of a whole number and a fraction, then the Company shall only issue upon such conversion Common Shares in an amount equal to such whole number. The Company shall not issue a fraction of a share in satisfaction of such fraction resulting in respect of such conversion and a holder of Class A Shares being converted shall not be entered into the books of the Company as a shareholder in respect of any fraction of a share or receive any payment in respect thereof.

27.10 Adjustment of Conversion Price

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time the outstanding Class A Shares of the Company shall be subdivided, redivided or changed into a greater or reduced or consolidated into a lesser number of shares or reclassified into different shares, without a similar change in the Common Shares, any holder of Class A Shares who has not converted such Class A Shares into Common Shares prior to the effective date of such subdivision, redivision, change, consolidation, reduction or reclassification shall be entitled to receive and shall accept, upon conversion at any time on such effective date or thereafter, in lieu of the number of Common Shares to which he or she was theretofore entitled upon conversion at the applicable Conversion Price, the aggregate number of Common Shares of the Company that such holder would

have been entitled to receive as a result of such subdivision, redivision, change, consolidation or reclassification if, on the effective date thereof, he or she had been the registered holder of the number of Common Shares to which he or she was theretofore entitled upon conversion;

- (b) If and whenever at any time the outstanding Common Shares of the Company shall be subdivided, redivided or changed into a greater or reduced or consolidated into a lesser number of shares or reclassified into different shares, any holder of Class A Shares who has not converted such Class A Shares into Common Shares prior to the effective date of such subdivision, redivision, change, consolidation, reduction or reclassification shall be entitled to receive and shall accept, upon conversion at any time on such effective date or thereafter, in lieu of the number of Common Shares to which he or she was theretofore entitled upon conversion at the applicable Conversion Price, the aggregate number of Common Shares of the Company that such holder would have been entitled to receive as a result of such subdivision, redivision, change, consolidation or reclassification if, on the effective date thereof, he or she had been the registered holder of the number of Common Shares to which he or she was theretofore entitled upon conversion;
- (c) In case the Company shall fix a record date for the issuance of additional Common Shares (or securities convertible into Common Shares) to all holders of its Common Shares by way of a stock dividend or other distribution, other than a stock dividend to holders of Common Shares who exercise an option to receive any ordinary course equivalent dividends in Common Shares in lieu of receiving cash dividends, the Conversion Price shall be adjusted immediately after the record date for such stock dividend or other distribution by multiplying the applicable Conversion Price in effect on such record date by a fraction of which the numerator shall be the total number of Common Shares outstanding on the record date and of which the denominator shall be the total number of Common Shares outstanding on the record date plus the number of additional Common Shares which shall result from the stock dividend or other distribution. Any such dividend or distribution on the Common Shares of the Company in Common Shares shall be deemed to have been issued on or immediately prior to the record date for such dividend or distribution for the purpose of calculating the number of outstanding Common Shares under subsections 27.10(d) and (e) below. If any dividend or distribution of the type described in this clause is declared but not so paid or made, Conversion Price shall be adjusted to the Conversion Price, as applicable that would then be in effect if such dividend or distribution had not been declared;
- (d) In case the Company shall fix a record date for the making of a distribution to all holders of its Common Shares:
 - (i) of any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) the share capital of the Company of any class (other than the Common Shares);
 - (ii) of assets (excluding cash dividends or distributions, and dividends or distributions referred to in subsection (c) above and stock dividends to holders of Common Shares who exercise an option to receive in the ordinary course equivalent dividends in Common Shares in lieu of receiving cash dividends); or
 - (iii) of options, rights or warrants (excluding those referred to in subsection (e) below),

then in each such case the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the applicable Conversion Price in effect on such record date by a fraction, of which the numerator shall be the Aggregate Market Capitalization on such record date (not including any Common Shares issued, or issuable upon exercise of any option, right or warrant, pursuant to such dividend) less the fair market value (as determined by the board of directors of the Company, acting reasonably, whose determination shall be conclusive) of said shares or evidences of indebtedness or assets or options, rights or warrants so distributed, and of which the denominator shall be the Aggregate Market Capitalization immediately after such record date. Common shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose

of any such computation. Such adjustment shall be made successively as of any such record date. To the extent that such distribution is not so made, the Conversion Price shall be readjusted to the Conversion Price, which would then be in effect based upon the said shares or evidences of indebtedness or assets or options, rights or warrants actually distributed;

- (e) If and whenever the Company shall fix a record date for the issuance of options, rights or warrants to all holders of its Common Shares entitling them to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) within 45 days of such record date at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Common Share on such record date, the applicable Conversion Price shall be adjusted immediately after the expiry of such 45-day period so that it shall equal the price determined by multiplying the applicable Conversion Price in effect on the expiry of such 45-day period by a fraction, of which the numerator shall be the total number of Common Shares outstanding on the expiry of such 45-day period (not including any Common Shares outstanding as a result of such issuance) plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares so offered (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price per Common Share and of which the denominator shall be the total number of Common Shares outstanding on the expiry of such 45-day period plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible or exchangeable securities so offered are convertible or exchangeable, as the case may be). Common shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively as of any such record date. To the extent that such options, rights or warrants are not so issued or such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be readjusted to the Conversion Price, which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually delivered upon the exercise of such options, rights or warrants, as the case may be;
- (f) In any case in which this section 27.10 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event issuing to the Class A Shareholders converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event over and above the Common Shares issuable upon such conversion before giving effect to such adjustment; provided, however, that the Company shall deliver to such holder an appropriate instrument evidencing such holder's rights to receive such additional Common Shares and such cash, upon the occurrence of the event requiring such adjustment;
- (g) No adjustments of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least one percent in such price, provided, however, that any adjustments which by reason of this subsection (g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment;
- (h) Adjustments to the Conversion Price made pursuant to this section 27.10 shall be made successively as of the applicable record date;
- (i) In the event of any question arising with respect to the adjustments provided in this section 27.10, such questions shall be conclusively determined by a firm of chartered accountants appointed by the Company (who may be the auditors of the Company), such accountants shall have access to all necessary records of the Company and such determination shall be binding upon the Company and the Class A Shareholder;
- (j) In case the Company shall take any action affecting the Common Shares other than actions described in this Section 27.10, which in the opinion of the board of directors of the Company, would materially affect the rights of the Class A Shareholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the board of directors as the board of directors in their sole discretion may

determine to be equitable in the circumstances. Failure of the board of directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.

In this Section 27.10, “**Aggregate Market Capitalization**” means, as at any date, the amount equal to the product of the Current Market Price as at the trading day immediately preceding such date and the number of Common Shares outstanding on such date, and “**Current Market Price**” means the weighted average closing price (or, if no trades occur on any relevant particular day, the mean between the closing bid and asked quotations on such day) of the Common Shares on the Canadian Securities Exchange during a period of 20 consecutive trading days ending on the fifth trading day prior to the date upon which any relevant computation pursuant to section 27.10 hereof is to be made, or if the Common Shares are not listed on the Canadian Securities Exchange on the date the determination is to be made, on such stock exchange on which the greatest volume of Common Shares are traded during such preceding 20 consecutive trading day period or, if the Common Shares are not listed on any stock exchange, a price representing fair value determined by an independent financial advisor (which determination shall be conclusive and binding) acting in good faith.

27.11 Certificate as to Adjustment

Forthwith after the occurrence of any adjustment in the Conversion Price pursuant to Section 27.10 hereof, as applicable, the Company shall at such time give written notice to the holders of the Class A Shares of the Conversion Price, as applicable following such adjustment.

27.12 Notification

If the Company intends to take any action which would require an adjustment of the Conversion Price pursuant to subsections (c)-(f) of Section 27.10 hereof, the Company shall, at least ten days prior to the earlier of any record date fixed for any action or the effective date for such action, notify the holders of the Class A Shares by written notice setting forth the particulars of such action to the extent that such particulars have been determined at the time of giving the notice.

27.13 Conversion at the Company’s Option

Subject to the terms and conditions hereof and at the discretion of the Board of Directors of the Company, the Class A Shares will be converted automatically into Common Shares at the then applicable Conversion Price, without payment of any additional consideration, in accordance with the provisions set forth in this section 27.13, upon the occurrence of a Forced Conversion Event.

- (a) Upon the occurrence of a Forced Conversion Event, all the then issued and outstanding Class A Shares shall be converted automatically without any further action by the holders thereof and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; provided, however, that all holders of Class A Shares being converted shall be given written notice of the occurrence of a Forced Conversion Event, including the date such event occurred or is scheduled to occur (the “Forced Class A Conversion Date”), and the Company shall not be obligated to issue certificates evidencing the Common Shares issuable upon such conversion unless certificates evidencing such Class A Shares being converted are either delivered to the Company, or its transfer agent, or the holder notifies the Company, or its transfer agent, that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company (and its transfer agent (if applicable)) from any loss incurred by it in connection therewith.
- (b) On the Forced Class A Shares Conversion Date, all rights with respect to the Class A Shares so converted shall terminate, except for any of the rights of the holder thereof, upon surrender of the holder’s certificate or certificates therefor, to receive certificates for the number of Common Shares into which such Class A Shares have been converted. Upon the automatic conversion of the Class A Shares, the holders of such Class A Shares shall surrender the certificates representing such shares at the

registered office of the Company or of its transfer agent. Upon surrender of such certificates, the Company shall promptly issue and deliver to such holder, in such holder's name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of Common Shares into which the Class A Shares surrendered were converted on the Forced Class A Shares Conversion Date. Such conversion shall be deemed to have been made upon the occurrence of the Forced Conversion Event and the person or persons entitled to receive the Common Shares issuable upon conversion shall be treated for all purposes as the record holder or holders of such Common Shares at such time.

- (c) For the purposes of this Section 27.13, "**Forced Conversion Event**" means the occurrence after the date hereof of the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the following:
- (i) a merger, amalgamation, consolidation, arrangement, reorganization or other business combination of the Company with or into another person pursuant to which the Common Shares will be effectively converted into or exchanged for other securities, cash or property;
 - (ii) any sale of all or substantially all of its assets in one transaction or a series of related transactions, pursuant to which the Common Shares will be effectively converted into or exchanged for other securities, cash or property;
 - (iii) any tender offer or exchange offer (whether by the Company or another person) pursuant to which holders of Common Shares are permitted to tender or exchange their shares for other securities, cash or property.