

**PROPHECY DEFI INC.**  
87 Scollard Street, Suite 100  
Toronto, Ontario M5R 1G4

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

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “**Meeting**”) of the shareholders of **Prophecy DeFi Inc.** (the “**Company**”) will be held on **Thursday, August 17, 2023**, at the hour of 4:00 p.m. (Eastern time), at Irwin Lowy LLP at 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2, for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2022, and the report of the auditors thereon;
2. to elect the directors of the Company;
3. to appoint the auditors of the Company and to authorize the directors to fix their remuneration;
4. to consider and, if deemed advisable, to pass, with or without variation, a special resolution to amend the articles of the Company to change the name of the Company to “Prophecy Investments Corp.” or such other name as the directors of the Company, in their sole discretion, may determine and as may be acceptable to the Director appointed under the *Business Corporations Act* (Ontario);
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving a new stock option plan of the Company; and
6. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The full text of the special resolution referred to in item 4 above is attached to this notice as Exhibit A.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Company’s transfer agent and registrar, TSX Trust Company, at 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1, not later than 4:00 p.m. (Eastern time) on Tuesday, August 15, 2023, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned meeting.

Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The board of directors of the Company has by resolution fixed the close of business on Tuesday, July 11, 2023, as the record date, being the date for the determination of the registered holders of the common shares of the Company entitled to receive notice of, and to vote at, the Meeting and any adjournment or postponement thereof.

### **COVID-19 GUIDANCE**

**In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19, shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out herein and in the management information circular dated July 18, 2023.**

The accompanying management information circular provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of annual and special meeting. Additional information about the Company and its financial statements are also available on the Company’s profile at [www.sedar.com](http://www.sedar.com).

**DATED** at Toronto, Ontario this 18<sup>th</sup> day of July, 2023.

**BY ORDER OF THE BOARD**

*“John McMahon”* (signed)  
Chief Executive Officer and Director

**EXHIBIT A**  
**SPECIAL RESOLUTION OF THE SHAREHOLDERS**  
**OF**  
**PROPHECY DEFI INC. (THE “COMPANY”)**  
**AMENDMENT TO ARTICLES – NAME CHANGE**

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

1. the articles of the Company be amended to change the name of the Company to “Prophecy Investments Corp.” or such other name as the directors of the Company, in their sole discretion, may determine and as may be acceptable to the Director appointed under the *Business Corporations Act* (Ontario);
2. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company be, and they are hereby, authorized and directed to revoke this resolution at any time prior to the issue of a certificate of amendment giving effect to the articles of amendment and to determine not to proceed with the amendment of the articles of the Company without further approval of the shareholders of the Company; and
3. any director or officer of the Company be and he or she is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, including, without limitation, the execution and delivery of articles of amendment in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario), the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**PROPHECY DEFI INC.**  
87 Scollard Street, Suite 100,  
Toronto, Ontario, M5R 1G4

**MANAGEMENT INFORMATION CIRCULAR**  
**As at July 18, 2023**

**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF PROPHECY DEFI INC.** (the “**Company**”) of proxies to be used at the annual and special meeting of shareholders of the Company to be held on Thursday, August 17, 2023, at Irwin Lowy LLP at 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2 at the hour of 4:00 p.m. (Eastern time), and at any adjournment or postponement thereof (the “**Meeting**”) for the purposes set out in the accompanying notice of meeting (the “**Notice of Meeting**”). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to send the Notice of Meeting, this management information circular (the “**Management Information Circular**”), the annual consolidated financial statements of the Company for the financial year ended December 31, 2022, and other meeting materials, if applicable (collectively the “**Meeting Materials**”) to the beneficial owners of the common shares of the Company (the “**Common Shares**”) held of record by such parties. The Company may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of proxies will be borne by the Company. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Company in favour of the matters set forth in the Notice of Meeting.

**COVID-19 GUIDANCE**

**In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19, shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out in the Notice of Meeting and this Management Information Circular.**

**APPOINTMENT AND REVOCATION OF PROXIES**

A holder of Common Shares who appears on the records maintained by the Company’s registrar and transfer agent as a registered holder of Common Shares (each a “**Registered Shareholder**”) may vote in person at the Meeting or may appoint another person to represent such Registered Shareholder as proxy and to vote the Common Shares of such Registered Shareholder at the Meeting. In order to appoint another person as proxy, a Registered Shareholder must complete, execute and deliver the form of proxy accompanying this Management Information Circular, or another proper form of proxy, in the manner specified in the Notice of Meeting.

The purpose of a form of proxy is to designate persons who will vote on the shareholder’s behalf in accordance with the instructions given by the shareholder in the form of proxy. The persons named in the enclosed form of proxy are officers or directors of the Company. **A REGISTERED SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM, HER, OR IT AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed form of proxy with the Company’s transfer agent and registrar, TSX Trust Company (the “**Transfer Agent**”), not later than 10:00 a.m. (Eastern time) on Tuesday, August 15, 2023, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting at which the form of proxy is to be used. A form of proxy should be executed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies may be deposited with the Transfer Agent using one of the following methods:

<b>By Mail:</b>	TSX Trust Company 100 Adelaide Street West, Suite 301 Toronto, Ontario M5H 4H1
<b>By Facsimile:</b>	(416) 595-9593
<b>By Internet:</b>	<a href="http://www.voteproxyonline.com">www.voteproxyonline.com</a>  You will need to provide your 12 digit control number (located on the form of proxy accompanying this Management Information Circular)

A Registered Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his, her or its form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

A Registered Shareholder who has given a form of proxy may revoke the form of proxy at any time prior to using it: (a) by depositing an instrument in writing, including another completed form of proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is a corporation, by an authorized officer or attorney thereof at, or by transmitting by telephone or electronic means, a revocation signed, subject to the *Business Corporations Act* (Ontario), by electronic signature, to (i) the registered office of the Company, located at 87 Scollard Street, Suite 100, Toronto, Ontario M5R 1G4, at any time prior to 5:00 p.m. (Eastern time) on the last business day preceding the day of the Meeting or any adjournment thereof or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by law.

#### **EXERCISE OF DISCRETION BY PROXIES**

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if a Registered Shareholder specifies a choice with respect to any matter to be acted upon at the meeting, the Common Shares represented by the proxy shall be voted accordingly. Where no choice is specified, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of auditors and the authorization of the directors to fix their remuneration, and for each item of special business, as stated elsewhere in this Circular.

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his judgment may determine. At the time of printing this Management Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

#### **ADVICE TO NON-REGISTERED SHAREHOLDERS**

**The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders of the Company do not hold Common Shares in their own name.** Only Registered Shareholders or the persons they appoint as their proxies are permitted to attend and vote at the Meeting and only forms of proxy deposited by Registered Shareholders will be recognized and acted upon at the Meeting. Common Shares beneficially owned by a beneficial holder of Common Shares who does not appear on the records maintained by the Transfer Agent as a registered holder of Common Shares (each a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) (each a “**Clearing Agency**”) of which the Intermediary is a participant. Accordingly, such Intermediaries and Clearing Agencies would be the Registered Shareholders and would appear as such on the list maintained by the Transfer Agent. Non-Registered Holders do not appear on the list of the Registered Shareholders maintained by the Transfer Agent.

### ***Distribution of Meeting Materials to Non-Registered Holders***

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Meeting Materials to the Clearing Agencies and Intermediaries for onward distribution to Non-Registered Holders as well as directly to NOBOs (as defined below).

Non-Registered Holders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and the Company or its agent has sent the Meeting Materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf.

The Company’s OBOs can expect to be contacted by their Intermediary. The Company does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

### ***Voting by Non-Registered Holders***

The Common Shares held by Non-Registered Holders can only be voted or withheld from voting at the direction of the Non-Registered Holder. Without specific instructions, Intermediaries or Clearing Agencies are prohibited from voting Common Shares on behalf of Non-Registered Holders. Therefore, each Non-Registered Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various Intermediaries have their own mailing procedures and provide their own return instructions to Non-Registered Holders, which should be carefully followed by Non-Registered Holders in order to ensure that their Common Shares are voted at the Meeting.

Non-Registered Holders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

*Voting Instruction Form.* In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form (a “**VIF**”). If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

*Form of Proxy.* Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the Non-Registered Holder must complete and sign the form of proxy and in accordance with the directions on the form.

### ***Voting by Non-Registered Holders at the Meeting***

Although a Non-Registered Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary or a Clearing Agency, a Non-Registered Holder may attend the Meeting as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder and vote such Common Shares as a proxyholder. A Non-Registered Holder who wishes to attend the Meeting and to vote their Common Shares as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named in the form of

proxy and insert the Non-Registered Holder's or its nominees name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to shareholders in the Meeting Materials are to Registered Shareholders as set forth on the list of registered shareholders of the Company as maintained by the Transfer Agent, unless specifically stated otherwise.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value and an unlimited number of special shares, issuable in series. As of Tuesday, July 11, 2023 (the "**Record Date**"), there were 132,147,212 Common Shares issued and outstanding and no special shares issued and outstanding. Each Common Share outstanding on the Record Date carries the right to one vote at the Meeting.

Only Registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Registered Shareholder and proxy holder will have one vote and, on a poll, every Registered Shareholder present in person or represented by proxy will have one vote for each Common Share held.

To the knowledge of the Company's directors and executive officers, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares.

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

No director or executive officer of the Company who was a director or executive officer at any time since the beginning of the Company's last financial year, or any associate or affiliates of any such directors or officers, 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 as disclosed in this Management Information Circular.

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

To the knowledge of the board of directors of the Company (the "**Board**"), the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

### **1. PRESENTATION OF FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Company for the year ended December 31, 2022, and the report of the auditors thereon will be placed before the shareholders at the Meeting. No vote will be taken on the financial statements. The financial statements and additional information concerning the Company are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **2. APPOINTMENT OF AUDITOR**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF KINGSTON ROSS PASNAK LLP, AS AUDITORS OF THE COMPANY, TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS OF THE COMPANY OR UNTIL A SUCCESSOR IS DULY ELECTED OR APPOINTED, AND TO AUTHORIZE THE DIRECTORS OF THE COMPANY TO FIX THE AUDITORS' REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Kingston Ross Pasnak LLP, were first appointed as the auditors of the Company on November 2, 2021.

### 3. ELECTION OF DIRECTORS

The Board currently consists of three directors. The following table states the names of the persons nominated by management for election as directors, any offices with the Company currently held by them, their principal occupations or employment, the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by them as of the date hereof:

Name, province or state and country of residence and position, if any, held in the Company	Principal Occupation	Served as Director of the Company since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>	Percentage of Voting Common Shares Owned or Controlled
John McMahon <sup>(2)</sup> Ontario, Canada  Chief Executive Officer and Director	Managing Partner of Thought Launch Capital & Advisory, a merchant bank	March 2, 2021	4,587,000	3.47%
Tim Diamond <sup>(2)(3)(4)</sup> Ontario, Canada  Director	Chief Executive Officer of Whitehall Apartments Corp., a property management company	March 2, 2021	1,500,000	1.14%
Andrew Dayes <sup>(2)(3)(5)</sup> Ontario, Canada  Director	Chief Executive Officer of 10624462 Canada Corp., an investment vehicle	December 12, 2022	nil	n/a

Notes:

- (1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Nominating and Governance Committee.
- (4) 500,000 Common Shares are held directly and 1,000,000 Common Shares are held by 2044361 Ontario Limited, a corporation beneficially owned and controlled by Mr. Diamond.
- (5) The principal occupations of Mr. Andrew Dayes, the director nominee who was not previously elected by the shareholders of the Company, during the past five years are as follows:

*Andrew Dayes:* Mr. Dayes has been Chief Executive Officer of 10624462 Canada Corp. since February 2018. Mr. Dayes was Executive Vice President of Next Edge Capital Corp. from July 2016 to November 2019.

The term of office of each director will be from the date of the meeting at which he or she is elected until the next annual meeting, or until his or her successor is elected or appointed.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Management has no reason to believe that any of the nominees will be unable to serve as a director but, **IF A NOMINEE IS, FOR ANY REASON, UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

#### *Majority Voting Policy*

The Board has adopted a majority voting policy (the “**Majority Voting Policy**”) which requires that each director who receives a greater number of votes “withheld” than votes “for” their election as a director shall, forthwith following the applicable shareholders’ meeting, submit their resignation to the Compensation, Nominating and Governance Committee. The Board, upon recommendation from the Compensation, Nominating and Governance Committee, shall make a determination whether to accept or reject the resignation within 90 days of the applicable shareholders’ meeting and a press release shall be issued by the Company announcing the Board’s determination and the reasons for such determination. In determining whether to accept or reject the tendered resignation, the Board will



assess all matters the Board believes to be relevant and shall accept the resignation except in situations where exceptional circumstances would warrant the director to continue to serve on the Board.

#### ***Cease Trade Orders or Bankruptcies***

To the knowledge of the Company, no proposed director, within 10 years before the date of this Management Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively an “**Order**”) and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the proposed directors of the Company, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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***

None of the proposed directors of the Company have, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

#### ***Penalties and Sanctions***

None of the proposed directors of the Company have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

#### **4. AMENDMENT TO ARTICLES – NAME CHANGE**

The Company intends to change its name to “Prophecy Investments Corp.” or such other name as the Board, in its sole discretion, may determine and as may be acceptable to the Director appointed under the *Business Corporation Act* (Ontario) (the “**Name Change**”).

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, a special resolution, the text of which is attached as Exhibit A to the Notice of Meeting (the “**Name Change Resolution**”), authorizing the amendment of the articles of the Company to effect the Name Change.

In addition to the requisite shareholder approval being sought at the Meeting, the Name Change also requires approval of all applicable regulatory authorities, including the Canadian Securities Exchange. In order to pass the Name Change Resolution, at least two-thirds of the votes cast at the Meeting must be voted in favour of the Name Change Resolution. If the Name Change Resolution does not receive the requisite shareholder approval, the Company will not proceed with the Name Change. Accordingly, the Board recommends that shareholders vote for the Name Change Resolution.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE NAME CHANGE RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

## 5. APPROVAL OF NEW STOCK OPTION PLAN

The Company has adopted a “rolling” stock option plan (the “**Stock Option Plan**”) for officers, directors, employees and consultants of the Company. The Stock Option Plan was approved by shareholders on September 8, 2015.

The Board is recommending that the Stock Option Plan be replaced with a new “rolling” stock option plan (the “**2023 Stock Option Plan**”), which is in line with current stock exchange policies, the stock option plans of the Company’s peers and in line with current market practices. The Board approved the 2023 Stock Option Plan on July 11, 2023.

If the 2023 Stock Option Plan is approved by the Company’s shareholders, the 5,925,000 stock options currently outstanding under the Stock Option Plan would continue to be outstanding and in force, except that they would henceforth be governed by, and subject to the terms and conditions of, the 2023 Stock Option Plan.

The purpose of the 2023 Stock Option Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares. The 2023 Stock Option Plan is administered by the Board, which has full and final authority with respect to the granting of all stock options thereunder.

The 2023 Stock Option Plan provides that the aggregate number of securities reserved for issuance under the 2023 Stock Option Plan, combined with any other compensation securities of the Company will not exceed 10% of the number of Common Shares issued and outstanding from time to time. Stock options (“**Options**”) may be granted under the 2023 Stock Option Plan to service providers of the Company and its affiliates, as the Board may from time to time designate. The exercise price of each Option shall be determined by the Board in its sole discretion, at the time such Option is allocated under the 2023 Stock Option Plan, and cannot be less than the closing market price of the Common Shares on the trading day prior to the grant of the Options. All Options granted under the 2023 Stock Option Plan will expire no later than the date that is ten (10) years from the date that such Options are granted.

The 2023 Stock Option Plan provides for the following restrictions: (a) no service provider of the Company may be granted an Option if that option would result in the total number of Options granted to the participant in the previous 12 months, exceeding 5% of the issued and outstanding Common Shares unless the Company has obtained disinterested shareholder approval; (b) the aggregate number of Options granted to service providers of the Company conducting investor relations activities in any 12 month period must not exceed 2% of the issued and outstanding Common Shares, calculated at the time of grant; and (c) the aggregate number of Options granted to any one consultant in any 12 month period must not exceed 2% of the issued and outstanding Common Shares, calculated at the time of grant.

If a holder of Options (the “**Optionee**”) ceases to be a director or officer of the Company or ceases to be employed by the Company (other than by reason of death), or ceases to be a consultant of the Company as the case may be, Options may be exercised after the Optionee has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows: (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option; (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the board of directors of the Company as at the date of grant or agreed to by the board of directors of the Company and the Optionee at any time prior to expiry of the Option) after the date of termination, and only to the extent that such Option was vested at the date of termination; and (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee’s Options, whether or not vested at the date of dismissal, will immediately terminate on the date of termination without right to exercise same.

The foregoing information is intended to be a brief description of the 2023 Stock Option Plan and is qualified in its entirety by the full text of the 2023 Stock Option Plan attached as Appendix B to this Management Information Circular. The Company has no equity compensation plans other than the 2023 Stock Option Plan.

At the Meeting, shareholders will be asked to pass the following resolution (the “**Stock Option Plan Resolution**”) to confirm and approve the 2023 Stock Option Plan:

**“BE IT RESOLVED THAT:**

1. the stock option plan of the Company, in the form attached as Appendix B to the management information circular of the Company dated July 18, 2023, pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding Common Shares at the time of the grant, be and is hereby ratified, confirmed and approved;
2. the unallocated entitlements under the stock option plan, being as of the date of this management information circular, 7,289,721 stock options available for issue, be and are hereby ratified, confirmed and approved;
3. the Company shall seek shareholder approval of the stock option plan no later than August 17, 2026; and
4. the stock option plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Company.

In order to pass the Stock Option Plan Resolution, at least a majority of the votes cast by the shareholders present at the Meeting in person or by proxy must be voted in favour of the Stock Option Plan Resolution. If the Stock Option Plan Resolution does not receive the requisite shareholder approval, the Stock Option Plan will continue to be in effect.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE STOCK OPTION PLAN RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

**STATEMENT OF EXECUTIVE COMPENSATION**

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Company as at December 31, 2022, whose total compensation was more than \$150,000 for the financial year of the Company ended December 31, 2022 (collectively the “**Named Executive Officers**”) and for the directors of the Company.

**Summary Compensation Table**

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of the Company:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
John McMahon <sup>(2)</sup> Chief Executive Officer and Director	2022	26,538	nil	7,500	nil	nil	34,038
	2021	254,463	nil	nil	nil	nil	254,463
Lucas Ewart <sup>(2)</sup> Former Chief Executive Officer	2022	n/a	n/a	n/a	n/a	n/a	n/a
	2021	10,000	nil	nil	nil	nil	10,000
Jonathon Cohen <sup>(3)</sup> Chief Financial Officer	2022	nil	nil	nil	nil	nil	nil
	2021	n/a	n/a	n/a	n/a	n/a	n/a
Roland Nimmo <sup>(3)(4)</sup> Former Chief Financial Officer	2022	132,000	nil	nil	nil	75,000	207,000
	2021	128,820	nil	nil	nil	nil	128,820
Chris Carmichael <sup>(4)</sup> Former Chief Financial Officer	2022	n/a	n/a	n/a	n/a	n/a	n/a
	2021	20,000	nil	nil	nil	nil	20,000

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Tim Diamond	2022	nil	nil	nil	nil	nil	nil
Director	2021	56,415	nil	nil	nil	nil	56,415
Andrew Dayes <sup>(6)</sup>	2022	nil	nil	nil	nil	nil	nil
Director	2021	n/a	n/a	n/a	n/a	n/a	n/a
Stuart Hensman <sup>(5)</sup>	2022	nil	nil	nil	nil	nil	nil
Former Director	2021	13,336	nil	nil	nil	nil	13,336
Charlie Morris <sup>(6)</sup>	2022	nil	nil	nil	nil	nil	nil
Former Director	2021	86,956	nil	nil	nil	nil	86,956
Jason Ewart <sup>(7)</sup>	2022	n/a	n/a	n/a	n/a	n/a	n/a
Former Director	2021	10,000	nil	nil	nil	nil	10,000
Alec Regis <sup>(8)</sup>	2022	n/a	n/a	n/a	n/a	n/a	n/a
Former Director	2021	nil	nil	nil	nil	nil	nil

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses.
- (2) Lucas Ewart resigned as Chief Executive Officer on March 2, 2021, and John McMahon was appointed in his stead.
- (3) Ronald Nimmo resigned as Chief Financial Officer on December 12, 2022, and Jonathon Cohen was appointed in his stead.
- (4) Chris Carmichael resigned as Chief Financial Officer on March 19, 2021, and Roland Nimmo was appointed in his stead.
- (5) Stuart Hensman resigned as a director on November 28, 2022.
- (6) Charlie Morris resigned as a director on December 12, 2022, and Andrew Dayes was appointed in his stead.
- (7) Jason Ewart resigned as a director on July 22, 2021.
- (8) Alec Regis resigned as a director on June 8, 2021.

### Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any Named Executive Officer or to any director of the Company during the most recently completed financial year of the Company.

No compensation securities were exercised by any Named Executive Officer or any director of the Company during the most recently completed financial year of the Company.

### Stock Option Plan and other Incentive Plans

#### 2023 Stock Option Plan

The Board approved the 2023 Stock Option Plan on July 11, 2023. At the Meeting, shareholders are being asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the 2023 Stock Option Plan. As a result, no Options are able to be granted under the 2023 Stock Option Plan. For further details on the 2023 Stock Option Plan please refer to "*Particulars of Matters to be Acted Upon – Approval of New Stock Option Plan*".

#### Stock Option Plan

The Corporation currently maintains a stock option plan, which was approved by the shareholders on September 8, 2015 (the "**Stock Option Plan**"). The purpose of the Stock Option Plan is to encourage share ownership by directors, senior officers and employees, together with consultants, who are primarily responsible for the management and growth of the business of the Corporation. The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of options granted pursuant to the Stock Option Plan, from time to time, are determined by the Board at the time of the grant, subject to the defined parameters of the Stock Option Plan and compliance with the policies of the Canadian Securities Exchange.

The maximum number of Common Shares which may be reserved and set aside for issue under the Stock Option Plan is equal to up to 10% of the issued and outstanding Common Shares, provided that the Board may, subject to shareholder and regulatory approvals, increase such number.

The Stock Option Plan is administered by the Board, which has the authority thereunder to delegate its administration and operation to a special committee of directors appointed from time to time by the Board. Participation is limited to directors, officers, employees and consultants providing services to the Corporation. The number of Common Shares which can be reserved for issuance under the Stock Option Plan: (a) to any individual director or officer shall not exceed 5% of the issued and outstanding Common Shares; and (b) to all consultants shall not exceed 2% of the issued and outstanding Common Shares.

The Stock Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Corporation's shares. As at the date of this Management Information Circular, 13,214,721 stock options may be reserved for issue pursuant to the 2023 Stock Option Plan, 5,925,000 stock options have been issued and 7,289,721 stock options are still available for issue.

The Company has no equity compensation plans other than the Stock Option Plan. However, at the Meeting the shareholders will be asked to approve the 2023 Stock Option. Once approved, the 2023 Stock Option Plan will replace the Stock Option Plan and it will cease to exist.

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

The Company has in place the following employment, consulting or management agreements between the Company or any subsidiary or affiliate thereof and its Named Executive Officers and directors:

#### ***John McMahon – Chief Executive Officer and Director***

Pursuant to an executive employment agreement entered into on March 2, 2021, the Company retained John McMahon to act as the President and Chief Executive Officer of the Company (the “**McMahon Agreement**”). In addition to a special one time fee of \$100,000 for providing a business and restructuring strategy, under the McMahon Agreement, Mr. McMahon receives an annual salary of \$150,000 the (“**Salary**”). The Salary is subject to annual review and may be increased from time to time at the sole discretion of the Company. Mr. McMahon is also eligible to participate in the Stock Option Plan and to receive a discretionary annual cash bonus as determined by the Board. Mr. McMahon is also entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in connection with the services performed under the McMahon Agreement.

In the event of a change of control of the Company, Mr. McMahon will receive a lump sum fee equivalent to three (3) years of fees, which is \$450,000 plus any accrued bonuses. In addition, Mr. McMahon will receive the value of any bonus and stock options, which would have been issued and received three years after the termination of the McMahon Agreement.

If the McMahon Agreement is terminated by the Company, apart from a change in control, Mr. McMahon is entitled to a payment equal to 6 months of Salary. After one year of employment, Mr. McMahon shall receive one additional month of base salary and monetary equivalent of a bonus and stock options given to Mr. Nimmo prior to his dismissal.

All stock options held by Mr. McMahon become vested at the time of termination.

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

#### ***Compensation of Directors***

The Board, at the recommendation of the Compensation, Nominating and Governance Committee, determines the compensation payable to the directors of the Company and the Compensation, Nominating and Governance Committee reviews such compensation annually. For their role as directors of the Company, each director of the Company who is not a Named Executive Officer may, from time to time, be awarded stock options under the provisions of the Stock Option Plan.

## *Compensation of Named Executive Officers*

### *Principles of Executive Compensation*

The Company believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Company as a whole. The primary components of the Company's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the shareholders. The following principles form the basis of the Company's executive compensation program:

1. align the interest of executives and shareholders;
2. attract and motivate executives who are instrumental to the success of the Company and the enhancement of shareholder value;
3. pay for performance;
4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Company's long term value; and
5. connect, if possible, the Company's employees into principles 1 through 4 above.

The Board, at the recommendation of the Compensation, Nominating and Governance Committee, is responsible for the Company's compensation policies and practices. The Compensation, Nominating and Governance Committee has the responsibility to review and make recommendations to the Board concerning the compensation of the directors of the Company and the Named Executive Officers. The Compensation, Nominating and Governance Committee also has the responsibility to make recommendations to the Board concerning annual bonuses and grants to eligible persons under the Stock Option Plan. The Board, at the recommendation of the Compensation, Nominating and Governance Committee, also reviews and approves the hiring of executive officers.

### *Base Salary*

The Board, at the recommendation of the Compensation, Nominating and Governance Committee, approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers of the Company is consistent with the administration of salaries for all other employees.

### *Annual Incentives*

The Company is not currently awarding any annual incentives by way of cash bonuses. However, the Company, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals. The Board, at the recommendation of the Compensation, Nominating and Governance Committee, approves annual incentives.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Company in reaching its overall goals are factors in the determination of their annual bonus. The Compensation, Nominating and Governance Committee assesses each Named Executive Officers' performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day to day basis. This assessment is used by the Compensation, Nominating and Governance Committee in developing its recommendations to the Board with respect to the determination of annual bonuses for the Named Executive Officers.

## Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer during each financial year. The targeted amounts will be determined by the Compensation, Nominating and Governance Committee based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, may trigger the award of a cash bonus to the Named Executive Officers. The Named Executive Officers may receive a partial or full cash bonus depending on the number of the predetermined targets met and the assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any cash bonus payment if they consider them to be appropriate.

## Long Term Compensation

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan.

## **Pension Disclosure**

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Company.

## **Termination and Change of Control Benefits**

The Company does not have in place any pension or retirement plan. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of the Company in connection with or related to the retirement, termination or resignation of such person. The Company has not provided any compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates. Other than as disclosed in the section entitled “*Statement of Executive Compensation – Employment, Consulting and Management Agreements*” in this Management Information Circular, the Company is not party to any compensation plan or arrangement with Named Executive Officers or directors of the Company resulting from the resignation, retirement or the termination of employment of such person.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

### **Equity Compensation Plan Information**

The following table sets forth information with respect to all compensation plans of the Company under which equity securities are authorized for issue as of December 31, 2022:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (\$)</b>	<b>Number of securities remaining available for future issue under equity compensation plans (#)</b>
Equity compensation plans approved by securityholders	10,725,000	0.34	2,489,721
Equity compensation plans not approved by securityholders	nil	nil	nil
<b>Total</b>	<b>10,725,000</b>	<b>0.34</b>	<b>2,489,721</b>

Note:

(1) The Board adopted the 2023 Stock Option Plan on July 11, 2023. At the Meeting, management proposes that shareholders approve the 2023 Stock Option Plan as described under the section entitled “Particulars of Matters to be Acted Upon – Approval and Confirmation of New Stock Option Plan”. The 2023 Stock Option Plan is a “rolling” stock option plan whereby the maximum number of Common Shares that may be reserved for issue pursuant to the 2023 Stock Option Plan will not exceed 10% of the outstanding Common Shares at the time of the stock option grant. As at the date of this Management Information Circular, 13,214,721 stock options may be reserved for issue pursuant to the 2023 Stock Option Plan, 5,925,000 stock options have been issued and 7,289,721 stock options are still available for issue.

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

Other than as otherwise disclosed in this Management Information Circular, no director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year end or in any proposed transaction that has materially affected or will materially affect the Company.

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

No director or officer of the Company or person who acted in such capacity in the last financial year of the Company, or any other individual who at any time during the most recently completed financial year of the Company was a director of the Company or any associate of the Company, is indebted to the Company, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

## **AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER**

National Instrument 52-110 – *Audit Committees* (“NI 52-110”) requires that certain information regarding the Audit Committee of a “venture issuer” (as that term is defined in NI 52-110) be included in the management information circular sent to shareholders in connection with the issuer's annual meeting. The Company is a “venture issuer” for the purposes of NI 52-110.

### **Audit Committee Charter**

The full text of the charter of the Company's Audit Committee is attached hereto as Appendix A.

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

The Audit Committee members are currently Andrew Dayes (Chair), John McMahon and Tim Diamond, each of whom is a director and financially literate. Andrew Dayes and Tim Diamond are independent in accordance with NI 52-110. John McMahon, the Chief Executive Officer of the Company, is not “independent” in accordance with NI 52-110.

### **Relevant Education and Experience**

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.



### ***John McMahon - Chief Executive Officer and Director***

John McMahon has held a number of senior banking roles within the investment industry and is currently Managing Partner of Thought Launch Capital & Advisory. Prior to this role, he served as Vice Chairman and Head of Investment Banking for Mackie Research Capital Company and subsequently, Managing Director of Investment Banking for Industrial Alliance Securities. In the course of his career, Mr. McMahon has become familiar with, and has the ability to read and understand, public company financial statements and the accounting principles used in reading and preparing financial statements.

### ***Tim Diamond - Director***

Tim Diamond has been Chief Executive Officer of Whitehall Apartments Corp. a private REIT, since 2014. Mr. Diamond has also served as a director of numerous publicly listed investment funds during his career. Mr. Diamond is financially literate. In connection with his serving as a director of numerous publicly listed investment funds, Mr. Diamond has become familiar with, and has the ability to read and understand, public company financial statements and the accounting principles used in reading and preparing financial statements.

### ***Andrew Dayes, CFA - Director***

Andrew Dayes is a seasoned financial services executive with 30 years' senior level experience in capital markets in debt, equity, and structured finance. He holds the Chartered Financial Analyst designation. He was a fund manager with one of the leading private debt funds in Canada, and previously was a senior member of an asset securitization group for Wells Fargo Bank, where he funded several billion dollars of debt facilities for corporations and private equity sponsors across the US and Canada. Prior to Wells Fargo, Andrew co-founded Efficient Capital Corp, a structured finance firm that had one of Canada's largest pension funds as a key shareholder and institutional funder. He presently manages the assets of 10624462 Canada Corp., a private investment vehicle.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

### **Reliance on Exemptions in NI 52-110 regarding**

#### ***De Minimis Non-audit Services or on a Regulatory Order Generally***

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);
2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a circumstance arises that affects the business or operations of the Company and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Company);
3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if an Audit Committee member becomes a control person of the Company or of an affiliate of the Company for reasons outside the member's reasonable control);

4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

The Company is a “venture issuer” for the purposes of NI 52-110. Accordingly, the Company is relying upon the exemption in section 6.1 of NI 52-110 providing that the Company is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

### Audit Fees

The following table provides details in respect of audit and tax fees billed by the external auditor of the Company for professional services rendered to the Company during the years ended December 31, 2022 and December 31, 2021:

	Audit Fees (\$)	Audit-Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
Year ended December 31, 2022	164,450	nil	nil	nil
Year ended December 31, 2021	173,607	nil	nil	nil

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company’s annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice.

## REPORT ON CORPORATE GOVERNANCE

The Company believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the “**Governance Guidelines**”) of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. the Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes the Company’s approach to governance and outlines the various procedures, policies and practices that the Company and the Board have implemented.

## Board of Directors

The Board is currently composed of three directors. Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* (“**Form 58-101F2**”) requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of the Company by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years, an employee or executive officer of an issuer, is deemed to have a “material relationship” with the issuer. Accordingly, of the proposed directors, John McMahon, the Chief Executive Officer of the Company, is considered not to be “independent” within the meaning of NI 52-110. The remaining two proposed directors are considered by the Board to be “independent” within the meaning of NI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the Board has examined the circumstances of each director in relation to a number of factors.

## Directorships

The following table sets forth the directors, and proposed directors, of the Company who currently hold directorships with other reporting issuers:

Name of Director	Reporting Issuer
John McMahon	Gencan Capital Inc.
Tim Diamond	Gencan Capital Inc.

## Orientation and Continuing Education

The Board and senior management of the Company conducts orientation programs for new directors as soon as possible after their appointment as directors. The orientation programs will include presentations by management to familiarize new directors with the Company’s projects and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct and ethics, its principal officers, its internal and independent auditors and its outside legal advisor(s). In addition, the orientation programs will include a review of the Company’s expectations of its directors in terms of time and effort, a review of the directors’ fiduciary duties and visits to Company headquarters and, to the extent practical (but at least once every 3 years), the Company’s principal operating facilities.

## Ethical Business Conduct

The Board has adopted a code of business conduct and ethics (the “**Code**”). The purpose of the Code, among other things, is to:

- promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company submits to the regulatory authorities and communicates to the public;
- promote compliance with applicable governmental laws, rules and regulations;
- promote prompt internal reporting of violations of this Code to an appropriate person identified in the Code;
- promote accountability for adherence to this Code;

- provide guidance to employees, officers and directors to help them recognize and deal with ethical issues;
- provide mechanisms to report unethical conduct; and
- help foster the Company's culture of honesty and accountability.

The Code applies to all employees, officers and directors of the Company and its subsidiaries. In addition, major contractors and third-party vendors also are expected to meet the standards contained in the Code. A violation of the Code is a serious matter. A director, officer or employee that violates a law, government regulation or the Code will face appropriate disciplinary action, which may include demotion or immediate termination of employment for cause and possible legal termination.

A copy of the Code is available on the Company's profile at [www.sedar.com](http://www.sedar.com).

### **Nomination of Directors**

The Compensation Nominating and Governance Committee is responsible for identifying and recommending to the Board individuals qualified to become Board members, consistent with criteria approved by the Board, and for recommending to the Board the nominees for election as directors at any meeting of shareholders and the persons to be appointed by the Board to fill any vacancies on the Board.

### **Other Board Committees**

The Company has established two Board committees, the Audit Committee and the Compensation Nominating and Governance Committee.

#### *Audit Committee*

The Audit Committee currently consists of Andrew Dayes (Chair), John McMahon and Tim Diamond, each of whom is a director and financially literate. Andrew Dayes and Tim Diamond are independent in accordance with NI 52-110. John McMahon, the Chief Executive Officer of the Company, is not "independent" in accordance with NI 52-110. The Audit Committee is responsible for overseeing the financial, accounting and reporting processes of the Company and annual external audits of the consolidated financial statements.

Further information regarding the Audit Committee is described in the section entitled "*Audit Committee Information Required in The Information Circular of a Venture Issuer*" in this Management Information Circular.

#### *Compensation Nominating and Governance Committee*

The Compensation Nominating and Governance Committee currently consists of Tim Diamond and Andrew Dayes. All members of the Compensation Nominating and Governance Committee have been determined to be "independent". The Compensation Nominating and Governance Committee is responsible for, among other things, the stewardship and governance of the Company and overseeing the compensation of the executive officers and directors.

### **Assessments**

The Compensation Nominating and Governance Committee oversees the evaluation of the Board and its committees, on an annual basis, to determine whether the Board, its members and its committees are functioning effectively. The Compensation Nominating and Governance Committee shall determine the nature of the evaluation, supervise the conduct of the evaluation and prepare an assessment of performance of the Board and the Compensation Nominating and Governance Committee, to be discussed with the Board

## OTHER MATTERS

The management of the Company knows of no other matters to come before the Meeting other than as set forth in the Notice of Meeting. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.**

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company in order to request copies of copies of: (i) this Management Information Circular; and (ii) the Company's consolidated financial statements and the related management's discussion and analysis (the "MD&A") which will be sent to the shareholder without charge upon request. Financial information is provided in the Company's consolidated financial statements and MD&A for its financial year ended December 31, 2022.

## APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Management Information Circular have been approved, and the delivery of it to each shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

**DATED** at Toronto, Ontario, on the 18<sup>th</sup> day of July, 2023.

**BY ORDER OF THE BOARD**

*"John McMahon" (signed)*  
Chief Executive Officer

## APPENDIX A

### PROPHECY DEFI INC.

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

The Audit Committee (the “Committee”) shall carry out its responsibilities under applicable laws, regulations and stock exchange requirements with respect to the employment, compensation and oversight of the Company’s independent auditor, and other matters under the authority of the Committee.

The Committee shall also assist the Board of Directors in carrying out its oversight responsibilities relating to the Company’s financial, accounting and reporting processes, the Company’s system of internal accounting and financial controls, the Company’s compliance with related legal and regulatory requirements, and the fairness of transactions between the Company and related parties. In furtherance of this purpose, the Committee shall have the following responsibilities and authority:

**(a) Relationship with Independent Auditor**

- (i) Subject to the laws of Ontario as to the role of the Shareholders in the appointment of independent auditors, the Committee shall have the sole authority to appoint or replace the independent auditor.
- (ii) The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
- (iii) The independent auditor shall report directly to the Committee.
- (iv) The Committee shall approve in advance all audit and permitted non-audit services with the independent auditor, including the terms of the engagements and the fees payable; provided that the Committee Chairperson may approve services to be performed by the independent auditors and the fee therefor between Committee meetings, provided that any such approval shall be reported to the Committee at the next meeting thereof. The Committee may delegate to a subcommittee the authority to grant pre-approvals of audit and permitted non-audit services, provided that the decision of any such subcommittee shall be presented to the full Committee at its next scheduled meeting.
- (v) At least annually, the Committee shall review and evaluate the experience and qualifications of the independent auditor team.
- (vi) At least annually, the Committee shall obtain and review a report from the independent auditor regarding:
  - 1) the independent auditor’s internal quality-control procedures;
  - 2) any material issues raised by the most recent internal quality-control review, or peer review of the auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;
  - 3) any steps taken to deal with any such issues; and
  - 4) all relationships between the independent auditor and the Company.
- (vii) At least annually, the Committee shall evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor’s quality controls are adequate

and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.

- (viii) The Committee shall recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account or participated in any capacity in the audit of the Company.
- (ix) The Committee shall oversee the implementation by management of appropriate information technology systems for the Company, including as required for proper financial reporting and compliance.

**(b) Financial Statement and Disclosure Review**

- (i) The Committee shall review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be filed with applicable securities regulatory authorities and included in the Company's annual reports.
- (ii) The Committee shall review and discuss with management (and, to the extent the Committee deems it necessary or appropriate, the independent auditor) the Company's quarterly financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether such financial statements should be filed with applicable securities regulatory authorities.
- (iii) The Committee shall review and discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the independent auditor's assessment of the quality of the Company's accounting principles, any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls over financial reporting, and any special steps adopted in light of material control deficiencies.
- (iv) At least annually and prior to the publication of annual audited financial statements, the Committee shall review and discuss with management and the independent auditor a report from the independent auditor on:
  - 1) all critical accounting policies and practices used by the Company;
  - 2) any alternative accounting treatments of financial information that have been discussed with management since the prior report, ramifications of the use of such alternative disclosures and treatments, the treatment preferred by the independent auditor, and an explanation of why the independent auditor's preferred method was not adopted; and
  - 3) other material written communications between the independent auditor and management since the prior report, such as any management letter or schedule of unadjusted differences, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements.
- (v) Prior to their filing or issuance, the Committee shall review the Company's Annual Information Form, quarterly and annual earnings press releases, and other financial press releases, including the use of "pro forma" or "adjusted" non-GAAP information.
- (vi) The Committee shall review and discuss with management the financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be specific or it may be in general regarding the types of information to be disclosed and the types of presentations to be made.

**c) Conduct of the Annual Audit**

The Committee shall oversee the annual audit, and in the course of such oversight the Committee shall have the following responsibilities and authority:

- (i) The Committee shall meet with the independent auditor prior to the audit to discuss the planning and conduct of the annual audit, and shall meet with the independent auditor as may be necessary or appropriate in connection with the audit.
- (ii) The Committee shall ascertain that the independent auditor is registered and in good standing with the Canadian Public Accountability Board and the Public Company Accounting Oversight Board (“PCAOB”) and that the independent auditor satisfies all applicable Canadian independence standards (Canadian Auditing Standard 200), PCAOB Rule 3526 and Section 2-01. The Committee shall obtain from the auditor a written description of all relationships between the auditor and the Company and persons in a financial reporting oversight role at the Company as per PCAOB Rule 3526, that may reasonably be thought to bear on independence.
- (iii) The Committee shall discuss with the independent auditor the matters required to be discussed by PCAOB Auditing Standard No. 16 and Canadian Auditing Standard 260 relating to the conduct of the audit.
- (iv) The Committee shall make such inquiries to the management and the independent auditor as the Committee members deem necessary or appropriate to satisfy themselves regarding the efficacy of the Company’s financial and internal controls and procedures and the auditing process.

**d) Compliance and Oversight**

- (i) The Committee shall meet periodically with management and the independent auditor in separate executive sessions. The Committee may also, to the extent it deems necessary or appropriate, meet with the Company’s investment bankers and financial analysts who follow the Company.
- (ii) The Committee shall discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as any off-balance sheet structures on the Company’s financial statements.
- (iii) At least annually and prior to the filing of the AIF/Annual Report to the CSE, the Committee shall review with management and the independent auditor the disclosure controls and procedures and confirm that the Company (with CEO and CFO participation) has evaluated the effectiveness of the design and operation of the controls within 90 days prior to the date of filing of the AIF/Annual Report to the CSE. The Committee also shall review with management and the independent auditor any deficiencies in the design and operation of internal controls and significant deficiencies or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company’s internal controls. As a part of that review, the Committee shall review the process followed in preparing and verifying the accuracy of the required CEO and CFO annual certifications.
- (iv) At least annually and prior to the filing of the AIF/Annual Report to the CSE, the Committee shall review with management and the independent auditor management’s internal control report and assessment of the internal controls and procedures, and the independent auditor’s report on and assessment of the internal controls and procedures. In connection with its review of interim and annual financial statements and related management’s discussion and analysis, the Committee shall confirm with management that the Company (with CEO and CFO participation) has taken all actions required in connection with the certifications required by National Instrument NI 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings.



- (v) The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (vi) The Committee shall discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or reports which raise material issues regarding the Company's financial statements or accounting policies.
- (vii) The Committee shall oversee the preparation of reports relating to the Audit Committee required under applicable laws, regulations and stock exchange requirements.
- (viii) The Committee shall exercise oversight with respect to anti-fraud programs and controls.

**e) Risk Assessments**

The Audit Committee shall periodically, and no less than once a year, receive a report from the Chief Financial Officer (“CFO”) aggregating risk assessments within the entire organization and shall consider and discuss risks and the steps management has taken to monitor and control such exposures, including the top risks identified by the CFO and the policies and practices adopted by the Company to mitigate those risks. These risks should include, without limitation, consideration of:

- (i) operational risks associated with the Company's business in general
- (ii) an assessment of mitigation steps taken by management to address significant risks or exposures identified in previous risk assessments;
- (iii) financial risks associated with investing, hedging or other financial instruments;
- (iv) privacy cyber security risk exposures and measures taken to protect the security and integrity of the Company's management information systems and Company data;
- (v) assessment of internal control risks and exposures identified by the internal and external auditors and management and cost benefit analyses of steps that may be taken to minimize such risks;
- (vi) personal conduct risks associated with inappropriate behaviour by management, staff or consultants;
- (vii) political, taxation, litigation and reputational risks;
- (viii) risks related to management of any joint venture arrangements;
- (ix) climate change;
- (x) the Company's crisis management and response plans and business continuity plans (including work stoppage and disaster recovery plans); and
- (xi) the availability and or adequacy of insurance coverage for insurable risks;
- (xii) assessing the adequacy of disclosure of the foregoing risks in particular mineral reserves and resources estimation.

**f) Legal and Ethics Compliance Matters**

The Committee shall periodically, and no less than once a year, consider and discuss the Company's legal and ethics compliance matters. The matters should include, without limitation, consideration of:

- i) legal and regulatory compliance matters that could have a material impact on the
- ii) Company's business, operations or financial statements;
- iii) the effectiveness of the Company's disclosure controls and procedures in ensuring compliance by the Company with securities law and stock exchange disclosure requirements; and
- iv) an annual review of the appropriateness and effectiveness of the Company's
- v) compliance policies.
- vi) the appropriateness of the Company's response to the requirements of the Corruption of Foreign Public Officials Act of 1999 (Canada).
- vii) The Committee may meet with the Company's legal counsel, as appropriate, to discuss these matters.

**g) Related Party Transactions**

- a. The Committee shall review for fairness to the Company, proposed transactions, contracts and other arrangements between the Company and its subsidiaries and any related party or affiliate, and make recommendations to the Board whether any such transactions, contracts and other arrangements should be approved or continued. The foregoing shall not include any compensation payable pursuant to any plan, program, contract or arrangement subject to the authority of the Company's Compensation, Nominating and Governance Committee.
- b. As used herein the term "related party" means any officer or director of the Company or any subsidiary, or any shareholder holding a greater than 10% direct or indirect financial or voting interest in the Company, and the term "affiliate" means any person, whether acting alone or in concert with others, that controls, is controlled by or is under common control with another person.

**h) Additional duties**

The Committee shall perform the following additional duties:

- i) The Committee shall review and recommend dividend policies.
- ii) The Committee shall oversee the Company's insurance program and approve
- iii) insurance policy limits.
- iv) The Committee shall review the appointment of and make recommendations to the Board of Directors regarding the appointment of the Chief Financial Officer.
- v) The Committee shall recommend to the Compensation, Nominating and Governance Committee the qualifications and criteria for membership on the Committee.
- vi) The Committee shall review and discuss with management the requirement for annual public disclosure pursuant to the Extractive Sector Transparency Measures Act.

**APPENDIX B**  
**2023 STOCK OPTION PLAN**

**PROPHECY DEFI INC.  
(the “Company”)**

**STOCK OPTION PLAN**

**Dated for Reference: July 11, 2023**

**ARTICLE 1  
PURPOSE AND INTERPRETATION**

**1.1 Purpose**

The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with Canadian Securities Exchange Policies (as defined herein) and any inconsistencies between this Plan and Canadian Securities Exchange Policies will be resolved in favour of the latter.

**1.2 Definitions**

In this Plan

- (a) **“Affiliate”** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **“Associate”** has the meaning set out in the Securities Act;
- (c) **“Black-out Period”** means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company’s insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) **“Board”** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **“Cause”** means “Just Cause” as defined in the Participant’s employment agreement or agreement for services with the Company or one of its Affiliates, or if such term is not defined or if the Participant has not entered into an employment agreement or agreement for services with the Company or one of its Affiliates, then any circumstance that would permit the Company to terminate a Participant’s employment or agreement for services without notice of termination, or payment in lieu of notice of termination, severance pay or benefits continuation under the applicable law;
- (f) **“Change of Control”** means the occurrence of any of:

- (i) any transaction at any time and by whatever means pursuant to which any person or any group of two or more persons acting jointly or in concert (other than the Company or any of its affiliates or subsidiary) thereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Business Corporations Act* (Ontario)) of, or acquires the right to exercise control or direction over, securities of the Company representing 50% or more of the then issued and outstanding voting securities of the Company in any manner whatsoever, including, without limitation, as a result of a take-over bid, an issuance or exchange of securities, an amalgamation of the Company with any other person, an arrangement, a capital reorganization or any other business combination or reorganization
  - (ii) the sale, assignment or other transfer of all or substantially all of the assets of the Company to a person or any group of two or more persons acting jointly or in concert (other than a wholly-owned subsidiary of the Company);
  - (iii) the occurrence of a transaction requiring approval of the Company's security holders whereby the Company is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any person or any group of two or more persons acting jointly or in concert (other than an exchange of securities with a wholly-owned subsidiary of the Company);
  - (iv) a majority of the Board consists of individuals which management of the Company has not nominated for election or appointment as directors; or
  - (v) the Board passes a resolution to the effect that an event comparable to an event set forth in this definition has occurred;
- (g) **“Common Shares”** means the common shares without par value in the capital of the Company providing such class is listed on the CSE;
- (h) **“Company”** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (i) **“Consultant”** means, in relation to the Company, an individual (other than a Director, Officer or Employee of the Company or any of its subsidiaries) or Company that:
- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to any of its subsidiaries, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Company or any of its subsidiaries and the individual or the Company, as the case may be; and

- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or of any of its subsidiaries;
- (j) **“Consultant Company”** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (k) **“CSE”** means the Canadian Securities Exchange and any successor thereto;
- (l) **“CSE Policies”** means the rules and policies of the CSE as amended from time to time;
- (m) **“Date of Termination”** means, for a Service Provider, the last day that the Service Provider actively provides services to the Company without regard to any notice of termination or pay in lieu of notice thereof, deemed or notional notice period, or period during which the Service Provider receives pay in lieu of notice, termination pay, severance payments, or salary continuance, whether pursuant to statute, agreement, common law or otherwise;
- (n) **“Director”** means a director (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (o) **“Disinterested Shareholder Approval”** means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;
- (p) **“Distribution”** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (q) **“Effective Date”** for an Option means the date of grant thereof by the Board;
- (r) **“Employee”** means:
  - (i) an individual who is considered an employee of the Company or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
  - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the

subsidiary, as the case may be, but for whom income tax deductions are not made at source;

- (s) **“Exercise Price”** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (t) **“Expiry Date”** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (u) **“Insider”** means an insider as defined in securities legislation applicable to the Company;
- (v) **“Investor Relations Activities”** has the meaning assigned by Policy 1 of the CSE Policies;
- (w) **“Management Company Employee”** means an individual employed by a company providing management services to the Company which services are required for the ongoing successful operation of the business enterprise of the Company;
- (x) **“Officer”** means an officer (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (y) **“Option”** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (z) **“Option Commitment”** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule “A” attached hereto;
- (aa) **“Optioned Shares”** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (bb) **“Optionee”** means the recipient of an Option hereunder;
- (cc) **“Outstanding Shares”** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (dd) **“Participant”** means a Service Provider that becomes an Optionee;
- (ee) **“Person”** includes a company, any unincorporated entity, or an individual;
- (ff) **“Plan”** means this stock option plan, the terms of which are set out herein or as may be amended;
- (gg) **“Plan Shares”** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;
- (hh) **“Regulatory Approval”** means the approval of the CSE and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;

- (ii) **“Securities Act”** means the *Securities Act*, R.S.O. 1990, c. S.5, or any successor legislation;
- (jj) **“Service Provider”** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Consultant Company, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (kk) **“Share Compensation Arrangement”** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;
- (ll) **“Shareholder Approval”** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders’ meeting;
- (mm) **“Take Over Bid”** means a take over bid as defined in National Instrument 62-104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Company; and
- (nn) **“VWAP”** means the volume weighted average trading price of the Company’s Common Shares on the CSE calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Option.

### **1.3 Other Words and Phrases**

Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the CSE Policies, will have the meaning assigned to them in the CSE Policies.

### **1.4 Gender**

Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2 STOCK OPTION PLAN**

### **2.1 Establishment of Stock Option Plan**

The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

### **2.2 Maximum Plan Shares**

The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the CSE Policies.



### **2.3 Eligibility**

Options to purchase Common Shares may be granted hereunder to Service Providers of the Company, or its affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the CSE and the Company is obtained.

### **2.4 Options Granted Under the Plan**

All Options granted under the Plan will be evidenced by an Option Commitment in substantially in the form attached as Schedule “A” (or in such other form as determined by the Company), showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

### **2.5 Limitations on Issue**

Subject to Section 2.9, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in a 12 month period, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Options, together with any other Share Compensation Arrangements, granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 1% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the CSE; and
- (c) the aggregate number of Options, together with any other Share Compensation Arrangements, granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the CSE.

### **2.6 Exercised and Unexercised Options**

In the event an Option granted under the Plan is exercised, expires unexercised or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

### **2.7 Administration of the Plan**

The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;

- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the CSE Policies or the Company's tier classification thereunder; and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

## **2.8 Amendment of the Plan by the Board of Directors**

Subject to the requirements of the CSE Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

- (a) amendments which are of a typographical, grammatical, clerical nature only;
- (b) amendments of a housekeeping nature;
- (c) amendments necessary as a result in changes in securities laws applicable to the Company or any requested changes by the CSE;
- (d) if the Company becomes listed or quoted on a stock exchange or stock market senior to the CSE, amendments as may be required by the policies of such senior stock exchange or stock market; and
- (e) such amendments as reduce, and do not increase, the benefits of this Plan to Service Providers.

## **2.9 Amendments Requiring Disinterested Shareholder Approval**

The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
  - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
  - (ii) the number of Optioned Shares issued to Insiders within any 12-month period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares; or,

- (iii) the issuance to any one Optionee, within any 12-month period, of a number of Common Shares exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider, or the extension of the term of an Option, if the Participant is an Insider at the time of the proposed amendment.

## **2.10 Options Granted Under the Company's Previous Stock Option Plans**

Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **3.1 Exercise Price**

The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options.

### **3.2 Term of Option**

The term of an Option will be set by the Board at the time such Option is allocated under the Plan. An Option can be exercisable for a maximum of 10 years from the Effective Date.

### **3.3 Option Amendment**

Subject to Section 2.9(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the CSE, or the date of the last amendment of the Exercise Price.

An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Section 3.2

Except as provided under CSE Policies, any proposed amendment to the terms of an Option must comply with the CSE Policies and be approved by the CSE prior to the exercise of such Option.

### **3.4 Vesting of Options**

Subject to Section 3.5, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board,

achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or

- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

### **3.5 Vesting of Options Granted to Consultants Conducting Investor Relations Activities**

Notwithstanding Section 3.4, Options granted to Consultants conducting Investor Relations Activities will vest such that:

- (a) no more than 25% of the Options vest no sooner than three months after the Options were granted;
- (b) no more than another 25% of Options vest no sooner than six months after the Options were granted;
- (c) no more than 25% of Options vest no sooner than nine months after the Options were granted; and
- (d) the remainder of the Options vest no sooner than 12 months after the Options were granted.

### **3.6 Effect of Take-Over Bid or Change of Control**

If a Take Over Bid is made to the shareholders generally, or the Company is involved in a transaction which will result in a Change of Control, the Company may, upon the announcement of the Take Over Bid or Change of Control, as applicable, unless provision is made by the acquiring corporation for the assumption of each Option or the substitution of a substantially equivalent option therefor, give written notice thereof to each Optionee holding Options under this Plan and such Optionees shall be entitled to exercise his, her or its Options to the extent previously unexercised, regardless of whether such Optionee would otherwise be entitled to exercise such Options, to such extent at that time, within the 30 day period immediately following the giving of such notice. Any Options not exercised within such 30 day period will immediately terminate and be of no force and effect.

### **3.7 Acceleration of Vesting on Take Over Bid or Change of Control**

In the event of a Take Over Bid or Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the announcement of the Take Over Bid or Change of Control, as applicable, excluding Options granted to a Person engaged in Investor Relations Activities.

### **3.8 Extension of Options Expiring During Blackout Period**

Should the Expiry Date for an Option fall within a Blackout Period such Expiry Date shall, subject to approval of the CSE, be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan.

Notwithstanding Section 2.7, the tenth Business Day period referred to in this Section 3.8 may not be extended by the Board.

### **3.9 Optionee Ceasing to be Director, Employee or Service Provider**

Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Termination Date, and only to the extent that such Option was vested at the Termination Date; and
- (c) in the case of an Optionee being dismissed from employment or service for Cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate on the Termination Date without right to exercise same.

### **3.10 Non Assignable**

Subject to Section 3.9(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

### **3.11 Adjustment of the Number of Optioned Shares**

The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;

- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.11;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this Section 3.11, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company;
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.11, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Toronto, Ontario (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees; and
- (h) any adjustment, other than in connection with a security consolidation or security split, to Options granted or issued under the Plan is subject to the prior acceptance of the CSE, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

## **ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES**

### **4.1 Option Commitment**

Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

### **4.2 Manner of Exercise**

An Optionee who wishes to exercise his Option may do so by delivering:

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to Section 4.4.

### **4.3 Cashless Exercise**

Subject to the policies and approvals of the CSE and subject to the provisions of the Plan (including, without limitation, Section 4.4), once an Option has vested and become exercisable, an Optionee may elect to exercise such Option by either:

- (a) A “net exercise” whereby Options, excluding Options held by any Investor Relations Service Provider, are exercised without the Participant making any cash payment so the Company does not receive any cash from the exercise of the subject Options, and instead the Participant receives only the number of underlying Common Shares that is the equal to the quotient obtained by dividing: (A) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject Options; by (B) the VWAP of the underlying Shares; or
- (b) a broker assisted “cashless exercise” in which the Company delivers a copy of irrevocable instructions to a broker engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding obligations as determined by the Company against delivery of the Common Shares to settle the applicable trade.

An Option may be exercised pursuant to this Section 3.4 from time to time by delivery to the Company, at its head office or such other place as may be specified by the Company of (i) written notice of exercise specifying that the Optionee has elected to effect such a cashless exercise of such Option, the method of cashless exercise, and the number of Options to be exercised and (ii) the payment of an amount for any tax withholding or remittance obligations of the Optionee or the Company arising under applicable law and verified by the Company to its

satisfaction (or by entering into some other arrangement acceptable to the Company in its discretion, if any). The Participant shall comply with Section 4.4 of this Plan with regard to any applicable required withholding obligations and with such other procedures and policies as the Company may prescribe or determine to be necessary or advisable from time to time including prior written consent of the Board in connection with such exercise.

#### **4.4 Tax Withholding and Procedures**

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in Section 4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

#### **4.5 Delivery of Optioned Shares and Hold Periods**

As soon as practicable after receipt of the notice of exercise described in Section 4.2 or Section 4.3 as applicable, and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares.

Pursuant to CSE Policies, where a four-month hold period is applicable, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month hold period commencing the date of the Option Commitment.

### **ARTICLE 5 GENERAL**

#### **5.1 Employment and Services**

Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

#### **5.2 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable



thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

### **5.3 Interpretation**

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

### **5.4 Continuation of Plan**

The Plan will become effective from and after the date first set out above, and will remain effective provided that the Plan, or any amended version thereof, receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to such effective date.

### **5.5 Amendment of the Plan**

The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

**SCHEDULE "A"**  
**STOCK OPTION PLAN**  
**OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ pursuant to the provisions of the Stock Option Plan (the "**Plan**") of Prophecy DeFi Inc. (the "**Company**"), the Company has granted to \_\_\_\_\_ (the "**Optionee**"), an Option to acquire \_\_\_\_\_ Common Shares ("Optioned Shares") up to 5:00 p.m. (Toronto Time) on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "**Expiry Date**"), or such earlier date as determined in accordance with the terms of the Plan, at an Exercise Price of Cdn\$\_\_\_\_\_ per share.

**[Optioned Shares are to vest immediately.]**

**OR**

**[Optioned Shares will vest (*INSERT VESTING SCHEDULE AND TERMS*)]**

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and form part hereof. This Option Commitment and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Commitment is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

To exercise the Option, (1) deliver a written notice in the form attached as Schedule "B to the Plan (or in such other form as established by the Company) specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate exercise price, or (2) if the Optionee wishes to exercise the Option on a "net exercise" basis or "cashless exercise" basis in accordance Section 4.3(a) or Section 4.3(b) of the Plan and the Company's Board of Directors approves the exercise on a "net exercise" basis or "cashless exercise" basis, deliver a written notice and comply with such other conditions as established by the Company for a "net exercise" or "cashless exercise". A certificate, or written notice in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the Company or its transfer agent, if applicable, as soon as practicable thereafter and may bear a restrictive legend if required under applicable securities laws or the policies of the Canadian Securities Exchange.

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under CSE Policies.

The Optionee also acknowledges and consents to the collection and use of personal information by both the Company and the CSE.

**PROPHECY DEFI INC.**

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Authorized Signatory

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*[Insert name of Optionee]*

The Optionee acknowledges receipt of a copy of the Plan and represents to the Company that the Optionee is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Optionee agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by applicable regulatory authorities.

Signature of Optionee:

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Date signed:

---

Signature

---

Print Name

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Address

**SCHEDULE "B"**  
**TO STOCK OPTION PLAN**

Prophecy DeFi Inc.  
87 Scollard Street, Suite 100  
Toronto, Ontario M5R 1G4

Re: Employee Stock Option Exercise

Attention: Stock Option Plan Administrator, Prophecy DeFi Inc.

This letter is to inform Prophecy DeFi Inc. that I, \_\_\_\_\_, wish to exercise \_\_\_\_\_ options, at \_\_\_\_\_ per share, on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

Payment issued in favour of Prophecy DeFi Inc. for the amount of \$\_\_\_\_\_ will be forwarded, including withholding tax amounts.

Please register the share certificate in the name of:

Name of Optionee: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Please send share certificate to:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Sincerely,

\_\_\_\_\_  
Signature of Optionee

\_\_\_\_\_  
Date

\_\_\_\_\_  
SIN Number (for T4)