



# Hemlo Explorers

301 – 141 Adelaide Street West  
Toronto, Ontario M5H 3L5

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting of the shareholders (the “**Meeting**”) of Hemlo Explorers Inc. (the “**Corporation**”) will be held at 141 Adelaide Street West, Suite 301, Toronto, Ontario on the 27<sup>th</sup> day of July, 2023, at 11:00 a.m. (Toronto time). The following is a list of business to be conducted at the Meeting:

1. to receive the audited financial statements of the Corporation for the fiscal year ended January 31, 2023, together with the report of the auditors thereon;
2. to elect directors;
3. to reappoint the auditors and to authorize the directors to fix the auditors’ remuneration;
4. to consider and, if thought appropriate, to pass an ordinary resolution, with or without variation, approving the Corporation’s Omnibus Equity Incentive Plan, as more particularly described in the accompanying management information circular (the “**Circular**”) dated June 22, 2023; which accompanies this notice (the “**Incentive Plan Resolution**”); and
5. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

**The Corporation urges all shareholders to vote by proxy in advance of the Meeting in accordance with the instructions set out below and to listen to the Meeting through the live conference call details provided below:**

Date and Time	Thursday, July 27, 2023, at 11:00 a.m. (Toronto time)
Dial-in Numbers	+1 (647) 723-3984 (Toronto) +1 (866) 365-4406 (North America – Toll Free)
Access Code	8487744#

The nature of the business to be transacted at the Meeting, including the text of the Incentive Plan Resolution, is described in further detail in the Circular.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting (the “**Record Date**”) is June 26, 2023. Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting, or any adjournment thereof, in person are requested to date, sign and return the accompanying form of proxy (the “**Proxy Form**”) for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be deposited at the office of TSX Trust Company, by mail to Suite 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1 or by fax to (416) 361-0470, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder’s attorney authorized in writing or, if the shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized.

**The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder of the Corporation has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder’s behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder’s appointee should be legibly printed in the blank space provided on the Proxy Form.**

In the event of a strike, lockout or other work stoppage involving postal employees, all documents required to be delivered by a shareholder should be delivered by fax to TSX Trust Company at (416) 361-0470.

DATED at Toronto, Ontario as of the 22<sup>nd</sup> day of June, 2023.

BY ORDER OF THE BOARD OF  
DIRECTORS

*(signed) “Brian Howlett”*

**Brian Howlett**  
**President & Chief Executive Officer**



# Hemlo Explorers

301 – 141 Adelaide Street West  
Toronto, Ontario M5H 3L5

## MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

**THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF HEMLO EXPLORERS INC.** (the “**Corporation**”) of proxies to be used at the annual general and special meeting of shareholders (the “**Meeting**”) of the Corporation to be held at the time and place and for the purposes set forth in the enclosed notice of Meeting (the “**Notice of Meeting**”). While it is expected that the solicitation will be primarily by mail, proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of solicitation by management will be borne directly by the Corporation. The information contained herein is given as at June 22, 2023, unless indicated otherwise.

The Corporation may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of common shares of the Corporation (the “**Common Shares**”) (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Notice of Meeting, this information circular (the “**Information Circular**”) and the form of proxy (collectively, the “**Meeting Materials**”) to the beneficial owners of such Common Shares. The Corporation will provide, without cost to such persons, upon request to the Secretary of the Corporation, additional copies of the Meeting Materials required for this purpose.

### NON-REGISTERED HOLDERS

Only registered holders of Common Shares (the “**Shareholders**”) at the close of business on June 26, 2023 (the “**Record Date**”) or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of a nominee such as 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.) of which the Intermediary is a participant. In accordance with the requirements of NI 54-101, the Corporation will have distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders. Non-Registered Holders will be given, in substitution for the proxy otherwise contained in Meeting Materials, a request for voting instructions (the “**voting instructions form**”) which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives the voting instructions form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the voting instructions form and a form of legal proxy will be sent to the Non-Registered Holder by the applicable Intermediary. **In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the voting instructions form.**

### **NON-OBJECTING BENEFICIAL OWNERS**

The Corporation is taking advantage of those provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, which permit the Corporation to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (“**VIF**”) from TSX Trust Company. These VIFs are to be completed and returned to TSX Trust Company as set out in the instructions provided on the VIF. TSX Trust Company will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs it receives. This Information Circular, with related material, is being sent to both registered and non-registered owners of the shares of the Corporation. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary who holds your shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding your shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER, TO REPRESENT HIM, HER OR IT AT THE MEETING MAY DO SO** either by crossing out the names of the management nominees and inserting the name of the Shareholder’s appointee in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the Corporation’s transfer agent and registrar, TSX Trust Corporation, by mail to Suite 301, 100 Adelaide Street West, Toronto, Ontario, M5H

4H1 or by fax to (416) 361-0470, not later than 48 hours (excluding Saturdays, Sundays and holidays in the Province of Ontario) before the time of the Meeting or any adjournment thereof at which the proxy is to be used.

A Shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;
2. by depositing an instrument in writing revoking the proxy executed by such Shareholder or by the Shareholder's attorney authorized in writing:
  - (a) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
  - (b) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
3. in any other manner permitted by law.

Only a registered shareholder of the Corporation has the right to revoke a proxy. A Non-Registered Holder who wishes to change his, her or its vote must arrange for the Intermediary to revoke the proxy on his, her or its behalf in accordance with the instructions of such Intermediary set out in the voting instructions form.

A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **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 Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon 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: (1) THE ELECTION OF EACH OF THE DIRECTORS; (2) THE REAPPOINTMENT OF AUDITORS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION; AND (3) THE APPROVAL OF THE INCENTIVE PLAN, ALL AS STATED ELSEWHERE IN THIS INFORMATION 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.** As at the date of this Information Circular the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation shall make a list of all Shareholders at the close of business on the Record Date and the number of Common Shares registered in the name of each such person on that date. Each Shareholder is entitled to one vote for each Common Share registered in his, her or its name as it appears on the list.

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at the Record Date, 36,829,367 Common Shares were issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, as of the Record Date, the only persons or companies beneficially owning, controlling or directing, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation are as follows:

Name	Type of Ownership	Number of Common Shares held	Percentage of Common Shares held
Northfield Capital Corporation	Of record	10,592,120	28.8%

\* Includes 105,299 Common Shares held personally by Robert Cudney, President of Northfield Capital Corporation and 400,000 Common Shares held by Robert Cudney through Cudney Stables Inc.

## EXECUTIVE AND DIRECTOR COMPENSATION

The Corporation reports its financial results in Canadian Dollars. Unless otherwise indicated, in this executive compensation disclosure.

The purpose of this Compensation Discussion and Analysis (“**CD&A**”) is to provide information about the Corporation’s executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Corporation’s senior leaders, being the two identified named executive officers (the “**NEOs**”) during the financial year ended January 31, 2023. The NEOs who are the focus of the CD&A and who appear in the compensation tables of this Information Circular are Brian Howlett, President and Chief Executive Officer of the Corporation (the “**CEO**”) and Fraser Laschinger, Chief Financial Officer and Secretary of the Corporation (the “**CFO**”).

### Board Oversight of Compensation

Among its other duties, the Board of Directors of the Corporation (the “**Board**”) is responsible for (i) overseeing the Corporation’s human resources policies, executive compensation, management succession and development, and equity compensation plans, and (ii) ensuring that the Corporation’s executive and director compensation policies and programs are competitive and reflect the long-term interest of the Corporation and its shareholders. Given the size of the Corporation and the number of directors on

the Board, the Board has not delegated any of the above responsibilities to a committee of the Board and instead performs such functions itself. In performing its duties, the Board has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

In order to ensure that the process for determining executive compensation remains objective, the Board requires that executive directors remove themselves from any deliberations or determinations relating to their own compensation. The Board considers the experience and insight of the executive directors to be an asset in the Board's discussions and decisions relating to human resources and general compensation matters and relies on their input in matters that are not directly related to their own compensation.

### **Compensation Program**

The primary goal of the Corporation's executive compensation program is to retain and motivate top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Corporation's executive officers is determined with regard to the Corporation's business strategy and objectives and financial condition, such that the financial interests of the executive officers are matched with the financial interests of the Corporation's shareholders. The Corporation strives to ensure that the Corporation's executive officers are compensated fairly and commensurately with their contributions to furthering the Corporation's strategic direction and objectives.

Neither the Corporation nor the Board currently has any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of executive officer or director compensation. The Board relies on the knowledge and experience of the members of the Board and the recommendations of the CEO to set appropriate levels of compensation for executive officers (other than the CEO).

### **Compensation Program Design**

The total compensation mix was designed on the basis of the Corporation's compensation objectives. Standard compensation arrangements for the Corporation's executive officers are composed of the following elements, which are linked to the Corporation's compensation and corporate objectives.

#### ***Base Salary***

Base salary is determined for each of the Corporation's executive officers on an individual basis, taking into consideration the individual's experience, performance and contributions to the Corporation's success and competitive industry pay practices for comparable positions with the primary goal of retaining highly qualified executives in a competitive market environment.

## ***Bonus***

The Corporation, in its discretion, may award cash bonuses in order to motivate executives to achieve corporate goals. A discretionary bonus for each NEO is determined annually based on an assessment of performance of the executive throughout the year and the attainment of goals and objectives set for the executive. Annual incentives are approved by the Board.

## ***Stock Options***

The Board believes that stock options encourage the Corporation's executive officers to own and hold Common Shares which aligns their long-term interests directly to those of shareholders and helps to achieve the Corporation's objective of retaining highly qualified executives. The Corporation currently has a Stock Option Plan (the "**Stock Option Plan**"), with 2,648,334 Common Shares issuable under outstanding Options (the "**Outstanding Options**") granted under the Stock Option Plan as of the date of this Circular. If approved by Shareholders, the Incentive Plan (as defined below) will replace the Stock Option Plan and no further Awards will be granted under the Stock Option Plan. However, all of the Outstanding Options will remain outstanding and in full force and effect in accordance with their terms, and continue to be governed by the provisions of the Stock Option Plan.

Under the terms of the Stock Option Plan (or the Incentive Plan if approved), the Board may propose and designate employees, including executive officers, eligible to receive options to acquire such numbers of Common Shares as the Board determines at an exercise price determined in accordance with the terms of the Stock Option Plan or the Incentive Plan, as applicable.

When granting options pursuant to the Stock Option Plan (or the Incentive Plan if approved), consideration is given to the exercise price of the aggregate options that would be held by an individual after the award. In determining the individual grants, the Board considers the following factors: the executive officer's relative position and performance as well as past equity grants.

The incentive stock options granted to executive officers increase in value as the market price of the Common Shares increase, thereby linking equity-based executive compensation to shareholder returns.

The Board regularly assesses the individual performance of the Corporation's executive officers. Based on these assessments, the Board makes decisions concerning the nature and scope of the equity-based compensation to be paid to the Corporation's executive officers. The criteria upon which these assessments are based reflect the Board's views as to the nature and value of the contributions made by the executive officers to the achievement of the Corporation's corporate plans and objectives. The Board generally considers option grants following the annual meeting of shareholders, except in exceptional circumstances.



## **Director Compensation**

The director compensation program is designed to achieve the following goals: (i) compensation should attract and retain the most qualified people to serve on the Board; (ii) compensation should align directors' interests with the long-term interests of shareholders; (iii) compensation should fairly pay directors for risks and responsibilities related to being a director of an entity of the Corporation's size and scope; and (iv) the structure of the compensation should be simple, transparent and easy for shareholders to understand.

Directors may receive options as compensation for their services as recommended and determined by the Board. The exercise price of such options is determined by the Board, but shall in no event be less than the discounted market price of the Common Shares at the time of the grant of the options. During the financial year ended January 31, 2023, other than as described herein, there were no standard or other arrangements pursuant to which the Corporation compensated the directors for their services in their capacity as directors, and there were no amounts paid for special assignments.

## **Compensation Process**

The Board has ultimate responsibility for the Corporation's compensation program and compensation decisions. The Board seeks the advice of the President and CEO and confers with the Corporation's legal counsel and CFO on matters that fall within their respective realms of responsibility in considering compensation decisions. The compensation of the President and CEO is reviewed and determined by the Board without the President and CEO. The Board reviews the performance of other executive officers with the President and CEO.

The Corporation is an exploratory stage mining company and will not be generating revenues from operations for a significant period of time, if at all. As a result, the use of traditional performance standards, such as corporate profitability, is considered by the Board to be inappropriate in the evaluation of corporate or NEO performance. The compensation of the Corporation's executive officers is based, in substantial part, on industry compensation practices, trends in the mining industry as well as achievement of the Corporation's business objectives. In determining executive compensation, the Board generally relies on Board discussions without any formal objectives, criteria and analysis.

The Board uses all the relevant data available to it to ensure that the Corporation is maintaining a level of compensation that is both commensurate with the size of the Corporation and sufficient to retain personnel it considers essential to its success. In reviewing comparative data, the Board does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level. Independent surveys and informal surveys prepared by the Corporation regarding compensation paid to persons occupying similar positions with mining exploration companies of comparable size and stage of development provides the Board with insight into what is considered fair compensation.

## Option Granting

Typically, the Board considers option grants following the annual meeting of shareholders, except in exceptional circumstances. The Board determines individual grants including the particulars with respect to all options granted to executive officers in accordance with the terms of the Stock Option Plan (or the Incentive Plan if approved). In determining the nature and scope of such grants the Board considers the recommendations of the Board and the executive officer's relative position, performance and past equity grants. See "Securities Authorized for Issuance Under Equity Compensation Plans - Stock Option Plan" for more information regarding the Stock Option Plan.

## Managing Compensation-Related Risk

The Board has not formally considered the implications of the risks associated with the Corporation's compensation policies and practices. However, the Board believes that the Corporation's compensation program is structured in a way that does not encourage excessive risk taking by its management. In particular, executive compensation is not tied to performance targets. Accordingly, no single metric or objective can significantly impact executive compensation in a given year.

## Restrictions on Financial Instruments

The Corporation does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

## Summary Compensation Table

The following table provides a summary of the compensation earned by the NEOs and directors for services rendered in all capacities during the financial years ended January 31, 2023 and 2022:

<i>Table of compensation for NEOs and directors excluding compensation securities</i>							
<b>Name and Principal Position</b>	<b>Financial Year Ended</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>All other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
<b>Brian Howlett<sup>(1)</sup> President, CEO and a Director</b>	Jan. 31, 2022	96,875	-	-	-	-	96,875
	Jan. 31, 2023	118,750	-	-	-	-	118,750
<b>Fraser Laschinger CFO and Secretary</b>	Jan. 31, 2022	127,800	-	-	-	-	127,800
	Jan. 31, 2023	76,800	-	-	-	-	76,800
	Jan. 31, 2022	Nil	-	-	-	-	Nil

<b>Christopher D. Hodgson Director</b>	Jan. 31, 2023	Nil	-	-	-	-	Nil
<b>John D. Harvey<sup>(2)</sup> Director</b>	Jan. 31, 2022	19,200	-	-	-	-	19,200
	Jan. 31, 2023	2,400	-	-	-	-	2,400
<b>Gordon J. Cyr<sup>(3)</sup> Director</b>	Jan. 31, 2022	Nil	-	-	-	-	Nil
	Jan. 31, 2023	Nil	-	-	-	-	Nil
<b>Michael G. Leskovec Director</b>	Jan. 31, 2022	Nil	-	-	-	-	Nil
	Jan. 31, 2023	Nil	-	-	-	-	Nil
<b>Ernie Eves Director</b>	Jan. 31, 2022	Nil	-	-	-	-	Nil
	Jan. 31, 2023	Nil	-	-	-	-	Nil

Notes:

- (1) During the year ended January 31, 2022, Brian Howlett received consulting fees through Brian Michael Howlett & Associates Inc., a corporation he controls. Effective February 1, 2022, Brian Howlett became an employee of the Corporation. Brian Howlett did not receive any additional compensation as a director.
- (2) Geological consulting fees paid to Harvey Holdings Inc, a corporation controlled by John Harvey.
- (3) Mr. Cyr is not standing for re-election at the Meeting.

## Stock Options and other Compensation Securities

The following table provides details regarding all compensation securities granted or issued to each director and/or NEO by the Corporation during the financial year ended January 31, 2023:

<i>Compensation securities received by NEOs and directors</i>							
<b>Name and Principal Position</b>	<b>Type of compensation security<sup>(1)</sup></b>	<b>Number of compensation securities, number of underlying securities and percentage of class<sup>(2)</sup></b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
<b>Brian Howlett President, CEO and a Director</b>	-	-	-	-	-	-	-
<b>Fraser Laschinger CFO and Secretary</b>	-	-	-	-	-	-	-
<b>Christopher D. Hodgson Director</b>	-	-	-	-	-	-	-
<b>John D. Harvey Director</b>	-	-	-	-	-	-	-
<b>Gordon J. Cyr<sup>(3)</sup> Director</b>	-	-	-	-	-	-	-
<b>Michael G. Leskovec Director</b>	-	-	-	-	-	-	-
<b>Ernie Eves, Director</b>	-	-	-	-	-	-	-

Notes:

- (1) Incentive stock options granted pursuant to the Stock Option Plan.
- (2) One incentive stock option is exercisable into one common share of the Corporation.

(3) Mr. Cyr is not standing for re-election at the Meeting.

The following table provides details regarding the exercise by a director and/or NEO of compensation securities during the financial year ended January 31, 2023:

<i>Exercise of Compensation Securities by NEOs and Directors</i>							
Name and Position	Type of Compensation Security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Brian Howlett President, CEO and a Director	N/A	Nil	N/A	N/A	N/A	N/A	Nil
Fraser Laschinger CFO and Secretary	N/A	Nil	N/A	N/A	N/A	N/A	Nil
Christopher D. Hodgson Director	N/A	Nil	N/A	N/A	N/A	N/A	Nil
John D. Harvey Director	N/A	Nil	N/A	N/A	N/A	N/A	Nil
Gordon J. Cyr Director	N/A	Nil	N/A	N/A	N/A	N/A	Nil
Michael Leskovec Director	N/A	Nil	N/A	N/A	N/A	N/A	Nil
Ernie Eves Director	N/A	Nil	N/A	N/A	N/A	N/A	Nil

### Termination and Change of Control Benefits

The Corporation has not entered into employment agreements with any of its employees or consulting agreements with any of its officers, except as described below.

The Corporation entered into an employment agreement effective March 1, 2013 (the “**CFO Agreement**”) with Mr. Fraser Laschinger, the CFO of the Corporation. Pursuant to the CFO Agreement, Mr. Laschinger is entitled to an annual salary of \$148,800 (which has since been temporarily reduced to \$76,800 as agreed to by the parties) and Mr. Laschinger is eligible for grants of stock options as the Board may award from time to time. Subject to earlier termination as provided for therein, the initial term of the CFO Agreement expired on December 31, 2013 and was automatically renewed on such date, and on each successive anniversary date, for an additional one-year period on the same terms and conditions unless re-negotiated. The CFO Agreement provides that Mr. Laschinger may terminate the agreement upon providing three months’ advance written notice. In addition, the CFO Agreement provides that Mr. Laschinger may terminate the CFO Agreement upon thirty days’ prior written notice to the Corporation for a period of six months following the occurrence of any of the following (each, a “**Change of Control**”):

1. the acquisition (whether in one transaction or a series of transactions), directly or indirectly and by any means whatsoever, by any person (other than Mr. Laschinger), or by a group of persons (excluding Mr. Laschinger) acting jointly or in concert, of beneficial ownership of, or control or direction over, that number of Common Shares which is greater than 50% of the total outstanding Common Shares immediately after such acquisition;
2. the replacement by way of election or appointment at any time of a majority of the total number of then incumbent members of the Board;
3. any transaction or series of transactions, whether by way of reconstruction, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, whereby all or substantially all of the Corporation's assets become, directly or indirectly, the property of or controlled by, any other person (other than Mr. Laschinger or a subsidiary of the Corporation or a corporation formed upon the amalgamation of the Corporation with another corporation which is a wholly-owned subsidiary of the Corporation) (the "**Successor Entity**") unless:
  - a. persons who were holders of Common Shares immediately prior to such transaction hold, as a result of such transaction, in the aggregate, at least 50% of the voting securities of the Successor Entity;
  - b. a majority of the members of the board of directors of the Successor Entity is comprised of individuals who were members of the Board immediately prior to such transaction; and
  - c. after such transaction, no person, or group of persons acting jointly or in concert, holds more than 50% of the voting securities of the Successor Entity;
4. a transaction or series of transactions in which, directly or indirectly, the Corporation sells or otherwise transfers to any person, other than an affiliate or affiliates of the Corporation, assets:
  - a. having an aggregate fair market value of more than 50% of the aggregate fair market value of all the assets of the Corporation, or
  - b. that generated during the Corporation's last completed fiscal year or are expected to generate in the Corporation's then current fiscal year more than 50% of its operating income or cash flow.

If the CFO Agreement is terminated by Mr. Laschinger within six months following a Change of Control, Mr. Laschinger will be entitled to receive an amount equal to one and one-half times the annual salary payable to Mr. Laschinger under the CFO Agreement. If the CFO Agreement is terminated by the Corporation without cause, Mr. Laschinger will be entitled to receive an amount equal to three months of his salary. If the CFO Agreement is terminated by the Corporation upon the permanent disability of Mr. Laschinger, Mr. Laschinger will be entitled to receive an amount equal the lesser: (i) four

months of his salary; and (ii) the salary that he would have otherwise received over the balance of the unexpired term of the CFO Agreement had such termination not occurred.

The following table sets out the estimated payments in the event of termination of employment for Mr. Laschinger, assuming that the event giving rise to the payment occurred on January 31, 2023.

Employee	Termination by the Employee	Termination by the Corporation	
	Within Six Months following a Change of Control	Without Cause	Upon Permanent Disability
Fraser Laschinger	\$223,200	\$37,200	\$49,600 <sup>(1)</sup>

Note:

(1) The amount Mr. Laschinger would have otherwise received over the balance of the unexpired term of the CFO Agreement would have been \$136,400.

The CFO Agreement also contains provisions in favour of the Corporation relating to non-solicitation and confidentiality.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains insurance for the benefit of the Corporation's directors and officers against liability incurred by them in their capacity as directors and officers. The policy provides coverage in respect of a maximum total liability of \$5,000,000, subject to a deductible of \$25,000 per event. The premium for the year ended January 31, 2023 amounted to \$12,420, which was paid by the Corporation.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of January 31, 2023 with respect to the Common Shares that may be issued under the Stock Option Plan. See also "Compensation securities received by NEOs and directors".

#### Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	2,648,334	\$0.45	1,034,603 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	Nil	\$Nil	Nil
Total	2,648,334	\$0.45	1,034,603

Note:

- (1) The Stock Option Plan provides for the issuance of options to purchase up to an aggregate of 10% of the issued and outstanding Common Shares from time to time.

## **Stock Option Plan**

The Corporation has a Stock Option Plan that was most recently confirmed by the Shareholders on July 27, 2022. Shareholders are being asked to approve a new omnibus equity incentive plan (the “**Incentive Plan**”) at the Meeting, which, if approved, would replace the Stock Option Plan and no further Awards will be granted under the Stock Option Plan. However, all of the Outstanding Options will remain outstanding and in full force and effect in accordance with their terms, and continue to be governed by the provisions of the Stock Option Plan. See “Particulars of Matters to be Acted Upon - Approval of the Incentive Plan” for a description of the Incentive Plan.

The following is a summary of the key terms of the Stock Option Plan:

### **Purpose of the Stock Option Plan**

The Stock Option Plan is intended to benefit the Corporation as it aligns the optionees’ interests with those of the shareholders of the Corporation. It enables the Corporation to attract, retain and reward personnel of appropriate experience and qualifications on a cost-effective basis by offering an opportunity for them to participate with shareholders in any increase in value of the Common Shares resulting from their efforts and thereby share in the Corporation’s success. The Stock Option Plan was first approved by shareholders of the Corporation at the Corporation’s annual and special meeting of shareholders on March 4, 2008. The aggregate number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed 10% of the issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time. Some stock exchanges may require that “rolling” stock option plans be approved by shareholders on an annual basis.

### **Key Terms of the Stock Option Plan**

The maximum number of Common Shares which may be reserved for issuance to any one person under the Stock Option Plan in a 12-month period is 5% of the issued Common Shares at the time of the grant. The exercise price of Common Shares in respect of which an option may be granted shall be fixed by the Board but shall not be less than the market price of the Common Shares at the time the option is granted less the permissible discount permitted by the rules of any stock exchange or other regulatory body having jurisdiction. The market price shall be deemed to be the closing price of the Common Shares as reported by the principal Canadian stock exchange on which the Common Shares are listed or admitted to trading (or, if the Common Shares are not so listed, the average between the closing bid and asked prices as reported on any over-the-counter market) on the day immediately preceding the day upon which the option is granted, or if not so traded, the average between the closing bid and asked prices thereof as reported for the day immediately preceding the day upon which the option is granted. Options granted under the Stock Option Plan are exercisable over a period not exceeding

five years, subject to earlier cancellation upon the optionee ceasing to be an employee, executive officer, director or consultant of the Corporation, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. All options granted under the Stock Option Plan are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Corporation's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Corporation in respect of options granted thereunder.

As of the date hereof, options to purchase an aggregate of 2,648,334 Common Shares are outstanding pursuant to the Stock Option Plan.

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

### **1. Financial Statements**

The audited financial statements of the Corporation for the fiscal year ended January 31, 2023 together with the auditors' report thereon (collectively, the "**Financial Statements**") will be placed before the Shareholders at the Meeting. Receipt of the Financial Statements at the Meeting will not constitute approval or disapproval of any matters referred to therein.

### **2. Election of Directors**

Unless otherwise directed, the persons named in the accompanying form of proxy intend to vote in favour of the election, as directors of the Corporation, of the nominees (the "**Nominees**") whose names are set forth below. Management does not contemplate that any of the Nominees will be unable to serve as a director of the Corporation.

Each elected director will hold office until the close of business of the next annual meeting of Shareholders following his election unless his office is earlier vacated in accordance with the Corporation's by-law.

Mr. Cyr is not standing for re-election at the Meeting but will, however, continue to serve as member of the Board until the date of the Meeting.

At the Meeting, Shareholders will be asked to elect five directors to the Board. Shareholders can vote for all of these directors, vote for some of them and withhold their votes for others, or withhold votes for all of them. The following table provides the names of the Nominees, the province and country of residence, all positions and offices in the Corporation held by each of them, the year in which each was first elected a director of the Corporation and the number of Common Shares that each has advised are beneficially owned, or controlled or directed, directly or indirectly, by each Nominee. Information regarding the present principal occupation, business or employment of each Nominee within the preceding five years is set out following the table below.



Name, Residence and Position with the Corporation	Principal Occupation	Period of Service as a Director	Number of Common Shares Beneficially Owned, or Controlled or Directed, directly or indirectly <sup>(2)</sup>
Brian M. Howlett <sup>(1)</sup> Ontario, Canada <i>President, CEO and Director</i>	President, CEO and Director of the Corporation	Since March 9, 2020	560,000 <sup>(3)</sup>
Christopher D. Hodgson <sup>(1)</sup> Ontario, Canada <i>Director</i>	President of the Ontario Mining Association	Since January 10, 2008	24,166 <sup>(4)</sup>
John D. Harvey Ontario, Canada <i>Director</i>	Consulting geologist for J.D. Harvey & Associates	Since January 10, 2008	33,333
Michael G. Leskovec <sup>(1)</sup> Ontario, Canada <i>Director</i>	Chief Financial Officer at Northfield Capital Corporation	Since August 3, 2016	146,250 <sup>(5)</sup>
Ernie Eves Ontario, Canada <i>Director</i>	President and CEO of Natel Strategies International Inc.	Since October 27, 2020	Nil

Notes:

- (1) Member of the Audit Committee. Mr. Cyr is not standing for re-election at the Meeting but will, however, continue to serve as member of the Audit Committee until the date of the Meeting, following which, Mr. Howlett will replace him.
- (2) The information as to the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective Nominees individually as at the date hereof.
- (3) 10,000 Common Shares are held by Brian Michael Howlett & Associates Inc., a corporation controlled by Brian Howlett.
- (4) 12,500 Common Shares are held by Christopher Hodgson's spouse.
- (5) 21,250 Common Shares are held by 2245445 Ontario Inc., a corporation controlled by Michael Leskovec.

## Cease Trade Orders and Bankruptcies

None of the Nominees is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty consecutive days that was issued:

- (a) while such Nominee was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) after such Nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such Nominee was acting in the capacity as director, chief executive officer or chief financial officer.

## Corporate Bankruptcies

No Nominee (or any personal holding company of such Nominee), is, as of the date of this Information Circular, or has been within ten years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while such Nominee was acting in that capacity, or within a year of that

person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Personal Bankruptcies**

No Nominee (or any personal holding company of such Nominee), has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such Nominee.

### **Penalties or Sanctions**

No Nominee (or any personal holding company of such Nominee), has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a Nominee.

### **Director Biographies**

#### ***Mr. Brian M. Howlett***

Mr. Howlett is a seasoned professional with over 30 years of senior management experience. Mr. Howlett is the former President and Chief Executive Officer of Dundee Sustainable Technologies Inc. He previously served as the President and Chief Financial Officer of Superior Copper Corporation. Prior to that, Mr. Howlett spent 12 years with ELI Eco Logic Inc., including 6 years as Chief Financial Officer. Mr. Howlett graduated in 1982 with a B. Comm. in finance from Concordia University and received his CMA designation in 1989. He currently serves on the Board of Directors of Nighthawk Gold Corp. and Bitfarms Ltd.

#### ***Mr. John D. Harvey***

Mr. Harvey graduated with a Bachelor of Science degree in Geology from the University of New Brunswick in 1959. He has served as President and Chief Executive Officer of Hemlo Gold Mines Inc. from 1989 to 1991. He also held the position of President of Noranda Exploration Company Limited from May 1982 to October 1994. Mr. Harvey is currently a member of the Canadian Institute of Mining and Metallurgy and the Professional Engineers of Ontario and was the Chief Operating Officer of Noront

Resources Inc. from June 2008 until September 2009. During the last 5 years, Mr. Harvey has been engaged as a consulting geologist for J.D. Harvey & Associates.

***Mr. Chris Hodgson***

Mr. Hodgson is the President of the Ontario Mining Association and President of Chris Hodgson Enterprises. He is also on the Board of Directors for Fairfax India Holding Corporation, Helios Fairfax Partners Corporation and NorthStar Gaming Inc. He previously served as Lead Director for The Brick Ltd. As a Member of Provincial Parliament, he served as Minister of Natural Resources, Minister of Northern Development and Mines, Chairman of the Management Board of Cabinet, Commissioner of the Board of Internal Economy, and Minister of Municipal Affairs and Housing. Previously he enjoyed a career in municipal government and real-estate development and is an Honours Bachelor of Arts graduate from Trent University.

***Mr. Michael Leskovec***

Mr. Leskovec is a Chartered Professional Accountant with over twenty years of financial experience with publicly listed companies and capital markets. He serves as the Chief Financial Officer of Northfield Capital Corporation (TSXV:NFD.A), an investment holding company where he works with publicly listed companies, assisting with corporate structuring, mergers and acquisitions, investment analysis, financings and go public transactions in Canada. Prior to this, Mr. Leskovec served as an officer of Gold Eagle Mines Ltd., which was involved in the development of the Bruce Channel deposit in Red Lake, Ontario, and was sold to Goldcorp Inc. for \$1.5 billion in 2008. Mr. Leskovec earned his Chartered Professional Accountant, Chartered Accountant (CPA, CA) designation while working in the audit and assurance practice for Smith Nixon LLP and has his Honours Bachelor of Accounting (BAcc) Degree from Brock University.

***Mr. Ernie Eves***

Mr. Ernie Eves, Q.C, LL.D (Hon), is the former Premier of Ontario (2002-2003) and former Finance Minister (1995-2001). Since 2003, Mr. Eves has served as the President and Chief Executive Officer of Natel Strategies International Inc. and currently serves as an advisor, consultant or board member for several Canadian and international companies. As well, Mr. Eves serves as Chair of The Justin Eves Foundation and is a former member of the Board for Special Olympics Canada.

**IF ANY OF THE NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.**

**3. Reappointment of Auditors**

At the Meeting, Shareholders will be requested to reappoint MNP LLP as the Corporation's auditors to hold office for the ensuing year at a remuneration to be fixed by

the Board. The reappointment of MNP LLP, as auditors of the Corporation for the ensuing year at a remuneration to be fixed by the Board must be approved by a majority of the votes cast at the Meeting.

Unless such authority is withheld, the persons named in the accompanying Form of Proxy intend to vote for the reappointment of MNP LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of Shareholders, at a remuneration to be fixed by the directors.

#### **4. Approval of Incentive Plan**

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to pass an ordinary resolution, with or without variation, approving the Incentive Plan, pursuant to which the Board may, from time to time, determine those directors, employees and consultants of the Corporation and its subsidiaries (each an “**Eligible Participant**”) who will be granted an award (an “**Award**”) pursuant to the Incentive Plan (the “**Incentive Plan Resolution**”). To be adopted, the Incentive Plan Resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

The Incentive Plan provides for the following Awards (each as defined and described in more detail below): Options, Restricted Share Units and Deferred Share Units. A copy of the Incentive Plan has been attached to this Circular as Schedule “B”.

The Corporation currently has a Stock Option Plan, with 2,648,334 Outstanding Options granted under the Stock Option Plan as of the date of this Circular. If approved by Shareholders, the Incentive Plan will replace the Stock Option Plan and no further Awards will be granted under the Stock Option Plan. However, all of the Outstanding Options will remain outstanding and in full force and effect in accordance with their terms, and continue to be governed by the provisions of the Stock Option Plan.

The Board approved the Incentive Plan effective June 21, 2023, subject to the approval of the Shareholders and acceptance by the TSX Venture Exchange (the “**TSXV**”). The TSXV has conditionally approved the Incentive Plan, subject to Shareholder approval, and it will become effective upon the receipt of the approval of Shareholders (the “**Effective Date**”).

The following is a summary of the material terms of the Incentive Plan. The following summary does not purport to be complete, and is qualified in its entirety by reference to the Incentive Plan, a copy of which is attached hereto as Schedule “B”. Capitalized terms used in this summary and not otherwise defined have the meaning ascribed to them in the Incentive Plan.

#### **Summary of the Incentive Plan**

##### ***Purpose***

The purpose of the Incentive Plan is: (a) to increase the interest in the Corporation’s welfare of those employees, executive officers, directors and Consultants

(who are Eligible Participants under the Incentive Plan), who share responsibility for the management, growth and protection of the business of the Corporation or a subsidiary of the Corporation; (b) to provide an incentive to such Eligible Participants to continue their services for the Corporation or a subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Corporation or a subsidiary are necessary or essential to its success, image, reputation or activities; (c) to reward Eligible Participants for their performance of services while working for the Corporation or a subsidiary; and (iv) to provide a means through which the Corporation or a subsidiary may recruit and retain key talent for the Corporation.

### ***Types of Awards***

The Incentive Plan provides for the grant of the following types of Awards: Options, Restricted Share Units and Deferred Share Units. All Awards are to be evidenced by an agreement or other instrument or document (a “**Grant Agreement**”).

### ***Plan Administration***

The Incentive Plan is administered by the Board, which may delegate its authority to a committee. Subject to the terms of the Incentive Plan, applicable law and the rules of the TSXV or such other stock exchange on which the Corporation’s shares may be listed from time to time, the Board will have the power and authority to: (a) designate the Eligible Participants who will receive Awards (an Eligible Participant who receives an Award, a “**Participant**”); (b) designate the types and amounts of Awards to be granted to each Participant; (c) designate the number of Common Shares to be covered by each Award; (d) determine the terms and conditions of any Award, including any vesting conditions or conditions based on performance of the Corporation or of an individual (“**Performance Criteria**”); (d) to interpret and administer the Incentive Plan and any instrument or agreement relating to it, or Award made under it; and (e) make such amendments to the Incentive Plan and Awards made under the Incentive Plan as are permitted by such plan and the rules of the applicable stock exchange.

### ***Shares Available for Awards***

Subject to adjustments as provided for under the Incentive Plan, the maximum number of Common Shares available for issuance at any time pursuant to outstanding Awards under or governed by the Incentive Plan shall be equal to 10% of the issued and outstanding Common Shares as at the date of any grant.

The Incentive Plan would be an “evergreen” plan as Common Shares covered by Awards which have been exercised or settled, as applicable, and Awards which expire or are forfeited, surrendered, cancelled or otherwise terminated or lapse for any reason without having been exercised, will be available for subsequent grant under the Incentive Plan and the number of Awards that may be granted under the Incentive Plan increases if the total number of issued and outstanding Common Shares of the Corporation increases.

## ***Award Limitations***

The Incentive Plan provides the follow limitations on grants:

- a) The maximum number of Common Shares issuable pursuant to the Awards under the Incentive Plan (which includes Outstanding Options) shall not exceed 10% of the issued and outstanding Common Shares as at the date of any Award grant.
- b) The maximum number Common Shares issuable to Eligible Participants who are Insiders (as a group), at any time, together with Common Shares reserved under any other Security Based Compensation Arrangement, shall not exceed 10% of the issued and outstanding Common Shares at any point in time.
- c) The maximum number of Common Shares issuable to Eligible Participants who are Insiders (as a group) within any one year period, together with Common Shares reserved under any other Security Based Compensation Arrangement, shall not exceed 10% of the issued and outstanding Common Shares at any point in time.
- d) Subject to the Shares being listed on the TSXV, (i) the maximum number of Common Shares issuable to any one Participant under Awards in a 12-month period shall not exceed 5% of the issued and outstanding Common Shares (unless requisite disinterested shareholder approval has been obtained to exceed); (ii) the maximum number of Common Shares issuable to any one Consultant in a 12-month period shall not exceed 2% of the issued and outstanding Common Shares; and (iii) Investor Relations Service Providers (within the meaning of the policies of the TSXV) may only be granted Options under an Award and the maximum number of Shares issuable to all Investor Relations Service Providers under any Options awarded shall not exceed 2% of the issued and outstanding Shares in any 12-month period, in each case measured as of the date of grant of an Award.

## ***Eligible Participants***

Any employee, executive officer, director, or Consultant of the Corporation or any of its subsidiaries is an “Eligible Participant” and considered eligible to be selected to receive an Award under the Incentive Plan, provided that only directors of the Corporation are eligible to receive Deferred Share Units. Eligibility for the grant of Awards and actual participation in the Incentive Plan is determined by the Board.

## ***Description of Awards***

### *Options*

An option (“**Option**”) is an option granted by the Corporation to a Participant entitling such Participant to acquire a designated number of Common Shares from treasury at an exercise price set at the time of grant (the “**Option Price**”). Options are exercisable, subject to vesting criteria established by the Board at the time of grant, over a period as established by the Board from time to time which shall not exceed 10 years from the date of grant. If the expiration date for an Option falls within a black-out period

the expiration date will be extended to the date which is ten business days after the end of the black-out period, which may be after the date that is 10 years from the date of grant. The Option Price shall not be set at less than the volume weighted average trading price of the Common Shares on the applicable stock exchange for the five trading days immediately preceding the date of the grant. At the time of grant of an Option, the Board may establish vesting conditions in respect of each Option grant, which may include performance criteria related to corporate or individual performance. The Incentive Plan also permits the Board to grant an option holder, at any time, the right to deal with such Option on a cashless exercise basis at a price equal to the difference between the market price of the Common Shares on the day immediately prior to the date of the exercise of the cashless exercise right, and the Option Price (less applicable withholding taxes), subject to the rules of the applicable stock exchange on which the Common Shares are listed from time to time.

The Board may grant Options to U.S. Participants that are qualified incentive stock options (“**ISOs**”) for the purposes of Section 422 of the United States Internal Revenue Code of 1986. ISOs may only be granted to employees of the Corporation or a subsidiary of the Corporation.

#### Restricted Share Units

A restricted share unit (each, a “**Restricted Share Unit**”) is an Award in the nature of a bonus for services rendered that, upon settlement, entitles the recipient to receive Common Shares as determined by the Board. The Board may establish conditions and vesting provisions, including Performance Criteria, which need not be identical for all Restricted Share Units. Restricted Share Units that are subject to Performance Criteria may not become fully vested prior to the expiry of the Restricted Period. Restricted Share Units expire no later than December 31 of the calendar year which commences three years after the calendar year in which the performance of services for which the Restricted Share Unit was granted, occurred. A Restricted Share Unit may be forfeited if conditions to vesting are not met. The Board, in its discretion, may award dividend equivalents with respect to Awards of Restricted Share Units, subject to such dividend equivalents being paid out in cash if entitlements to additional Restricted Share Units in respect of such dividend equivalents resulted in the limits set out in the Incentive Plan being exceeded.

Such dividend equivalent entitlements will not be available until the Restricted Share Units are vested and paid out.

#### Deferred Share Units

A deferred share unit (each, a “**Deferred Share Unit**”) is an Award attributable to a person’s duties as a director that, upon settlement, entitles the recipient to receive such number of Common Shares as determined by the Board, and is issuable after the person ceases to be a director of the Corporation. In addition, the Board may award such additional Deferred Share Units to a director as the Board deems advisable to provide the Participant with appropriate equity-based compensation for the services such Participant renders to the Corporation. The Board, in its discretion, may award dividend equivalents

with respect to Awards of Deferred Share Units, subject to such dividend equivalents being paid out in cash if entitlements to additional Deferred Share Units in respect of such dividend equivalents resulted in the limits set out in the Incentive Plan being exceeded. Deferred Share Units must be settled no later than December 31 of the calendar year following the year in which the recipient of the Deferred Share Unit ceased to be a director of the Corporation.

### ***Effect of Termination on Awards***

Unless otherwise provided for in a Grant Agreement or determined by the Board on an individual basis, in the event of the Participant's:

- a) Voluntary Resignation: All of the Participant's unvested Awards are immediately forfeited on the termination date, and any vested Options remain exercisable until the earlier of, unless otherwise determined by the Board, in its sole discretion, 30 days following the termination date and the expiry date of the Option.
- b) Termination for Cause: All of the Participant's vested and unvested Options immediately terminate, and all unvested Restricted Share Units are immediately forfeited on the termination date.
- c) Termination not for Cause: All of the Participant's unvested Options immediately terminate and any vested Options remain exercisable until the earlier of, unless otherwise determined by the Board, in its sole discretion, 90 days following the termination date and the expiry date of the Option. All unvested Restricted Share Units are immediately forfeited on the termination date.
- d) Permanent Disability or Retirement: All unvested Restricted Share Units are immediately forfeited on the termination date. Any vested Options remain exercisable until the earlier of 90 days following the vesting date of the Option and the expiry date of the Option.
- e) Death: The Participant's unvested Restricted Share Units are immediately terminated upon the death of a Participant, and any vested Options remain exercisable by the Participant's beneficiary until the earlier of 12 months following the termination date and the expiry date of the Option.
- f) Termination in Connection with a Change of Control: If, after a Change of Control (as described below), and within 12 months following the Change of Control, (i) a Participant who was also an officer or employee of, or a Consultant to, the Corporation prior to the Change of Control, has their position, employment or consulting agreement terminated, or the Participant is constructively dismissed, or (ii) a director ceases to act in such capacity, then all of the Participant's unvested Restricted Share Units immediately vest and shall be paid out, and all unvested Options shall vest and become exercisable. Any Options that become exercisable in these circumstances shall remain exercisable until the earlier of 90 days following the termination date and the expiry date of the Option.



## ***Change of Control***

In the event of a Change of Control (as defined in the Incentive Plan) the Board will have the power, in its sole discretion, to modify the terms of the Incentive Plan and/or the Awards to assist the Participants to tender into a take-over bid or participate in any other transaction leading to a Change of Control.

## ***Assignment***

No Award or other benefit payable under the Incentive Plan shall, except as otherwise provided by law (including the policies of the TSXV, as applicable) or specifically approved by the Board, be transferred, sold, assigned, pledged, or otherwise disposed in any manner other than by will or the law of descent.

## ***Termination and Amendment***

The Board may suspend or terminate the Incentive Plan at any time. In addition, the Board may from time to time, in its absolute discretion and without approval of the Shareholders amend any provision of the Incentive Plan or any Award, subject to any regulatory or stock exchange requirement at the time of such amendment, including, without limitation: (a) any amendment to the general vesting provisions, if applicable, of the Incentive Plan or the Awards; (b) any amendment regarding the effect of termination of a Participant's employment or engagement; (c) any amendment which accelerates the date on which any Option may be exercised under the Incentive Plan; (d) any amendment necessary to comply with applicable law or the requirements of the stock exchange or any other regulatory body; (e) any amendment of a "housekeeping" nature, including to clarify the meaning of an existing provision of the Incentive Plan, correct or supplement any provision of the Incentive Plan that is inconsistent with any other provision of the Incentive Plan, correct any grammatical or typographical errors or amend the definitions in the Incentive Plan; (f) any amendment regarding the administration of the Incentive Plan; (g) any amendment to add provisions permitting the grant of Awards settled otherwise than with Common Shares issued from treasury, a form of financial assistance or claw back, and any amendment to a provision permitting the grant of Awards settled otherwise than with Common Shares issued from treasury, a form of financial assistance or claw back which is adopted; and (h) any other amendment that does not require the approval of the Shareholders, as provided below.

Notwithstanding the foregoing: (a) no amendment shall alter or impair the rights of any Participant, without the consent of such Participant except as permitted by the provisions of the Incentive Plan; and (b) the Board shall be required to obtain Shareholder approval to make the following amendments: (i) any increase to the maximum number of Common Shares issuable under the Incentive Plan (either as a fixed number or a fixed percentage of the outstanding Common Shares), except in the event of an adjustment provided for in the Incentive Plan; (ii) any amendment that extends the term of Options beyond the original expiry date that benefits an Insider of the Corporation; (iii) any amendment which extends the expiry date of any Award, or the Restricted Period, or the Performance Period of any Restricted Share Unit beyond the original expiry date or

Restricted Period or Performance Period that benefits an Insider of the Corporation; (iv) except in the case of an adjustment provided for in the Incentive Plan, any amendment which reduces the exercise price of an Option or any cancellation of an Option and replacement of such Option with an Option with a lower exercise price; (v) any amendment which increases the maximum number of Common Shares that may be (A) issuable to Insiders at any time; or (B) issued to Insiders under the Incentive Plan and any other proposed or established Security Based Compensation Arrangement in a one-year period, except in case of an adjustment provided for in the Incentive Plan; (vi) any amendment to the definition of an Eligible Participant under the Plan; and (vii) any amendment to the amendment provisions of the Incentive Plan.

### **Claw back**

Any Award or the proceeds from the exercise of an Award will be subject to deductions and claw back if the Participant to whom the Award was granted violates (a) a non-competition, non-solicitation, confidentiality, or other restrictive covenant by which such Participant is bound, or (ii) any policy adopted by the Corporation applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Incentive Plan.

### **Resolution to Approve the Incentive Plan**

To be effective, the Incentive Plan Resolution must receive the affirmative vote of a majority of the votes cast at the Meeting. At the Meeting, Shareholders will be asked to pass the Incentive Plan Resolution set out below:

**“BE IT HEREBY RESOLVED as an ordinary resolution that:**

- (a) the Incentive Plan of the Corporation, in the form attached to the Circular be approved;**
- (b) the Board be authorized on behalf of the Corporation to make any amendments to the Incentive Plan as may be required by regulatory authorities, without further approval of the Shareholders, in order to ensure adoption of the Incentive Plan; and**
- (b) the approval of the Incentive Plan by the Board is hereby ratified and confirmed and any one director or officer of the Corporation be and is hereby authorized to execute and deliver, under corporate seal or otherwise, all such deeds, documents, instruments and assurances and to do all such acts and things as such person may deem necessary or desirable to give effect to the foregoing”.**

**Unless otherwise directed, it is the intention of the Corporation’s management nominees to vote for the approval of the Incentive Plan Resolution.**

## **MANAGEMENT CONTRACTS**

There are no management functions of the Corporation which are not to any substantial degree performed by any person other than the directors or executive officers of the Corporation.

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

No executive officer, director, employee, or former executive officer, director or employee of the Corporation or any of its subsidiaries is or was indebted in respect of any purchase of securities or otherwise to the Corporation, to any subsidiary of the Corporation or to any other entity for which the indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries at any time during the last completed financial year.

No person who is, or was at any time during the most recently completed financial year, a director or executive officer of the Corporation, no Nominee and no associate of any such director, executive officer or Nominee is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation or any subsidiary of the Corporation, or indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, in respect of any security purchase program or any other program.

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

No person who has been a director or executive officer of the Corporation at any time since the beginning of its last completed financial year, no Nominee and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors. The foregoing notwithstanding, it is hereby acknowledged that directors and executive officers may also be interested in the approval of the Incentive Plan Resolution as detailed in this Information Circular, as such persons are entitled to participate in the Incentive Plan.

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

No informed person (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation, no Nominee and no associate or affiliate of any informed person or Nominee has or had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **AUDIT COMMITTEE**

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) requires the Corporation to disclose certain information concerning the constitution of the audit committee of the Board (the “**Audit Committee**”) and its relationship with its independent auditor, as set forth below.

### ***Charter***

The Audit Committee is governed by its charter. A copy of the text of the Audit Committee’s charter, established in accordance with NI 52-110, is included in Schedule “A” attached hereto.

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

The current members of the Audit Committee are Michael G. Leskovec, Chris Hodgson and Gordon J. Cyr. Mr. Leskovec is the Chairman of the Audit Committee. Mr. Cyr is not standing for re-election at the Meeting but will, however, continue to serve as member of the Audit Committee until the date of the Meeting, following which, Mr. Howlett will replace him. All members of the Audit Committee are “independent” within the meaning of NI 52-110. All members of the Audit Committee are “financially literate” within the meaning of NI 52-110.

### ***Education and Experience***

Each member of the Audit Committee has acted as a director or audit committee member of a number of public issuers in the past and, as such, has obtained experience that is relevant to the performance of his responsibilities as a member of the Audit Committee. As well, each member of the Audit Committee owns his own business and in such capacity has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of internal controls and procedures for financial reporting. Given the scope and nature of the Corporation’s business, its financial statements and the accounting issues arising therefrom are relatively uncomplicated. Based on the foregoing, it is the Board’s conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used by the Corporation to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements. See “Particulars of Matters to be Acted Upon - 2. Election of Directors - Director Biographies” for a biographical description of each member of the Audit Committee.

### **Audit Committee Oversight**

Since February 1, 2022, the commencement of the Corporation's most recently completed financial year, all recommendations of the Audit Committee to nominate or compensate an external auditor were adopted by the Board.

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

In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice, tax planning or other non-audit services, such services must be pre-approved by the Audit Committee.

### **Auditor Services Fees**

The following chart summarizes the aggregate fees billed by the external auditors of the Corporation for professional services rendered to the Corporation during the financial years ended January 31, 2022 and January 31, 2023.

	<b>Year Ended January 31, 2022 (\$)</b>	<b>Year Ended January 31, 2023 (\$)</b>
Audit Fees <sup>(1)</sup>	32,100	35,845
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	2,140	2,140
All Other Fees <sup>(4)</sup>	Nil	Nil

Notes:

- (1) Aggregate fees billed for the preparation of annual financial statements and services normally provided by the external auditor in connection with statutory and regulatory filings.
- (2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of financial statements and are not reported as "Audit Fees", including, assistance with aspects of tax accounting, attest services not required by statute or regulation and consultation regarding financial accounting and reporting standards.
- (3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.
- (4) Aggregate fees billed in respect of administration fees of the Canadian Public Accountability Board.

### **Reliance on Certain Exemptions**

Since February 1, 2022, the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on an exemption provided under NI 52-110 whereby approval for a *de minimis* amount of non-audit services is not required, nor has the Corporation obtained or relied upon any exemption granted by a securities regulatory or regulator from the requirements of NI 52-110.

The Corporation is relying upon the exemption in Section 6.1 of NI 52-110 which provides, in part, that the Corporation, as a "venture issuer", is not required to comply with Part 5 (Reporting Obligations) of NI 52-110.

## CORPORATE GOVERNANCE

The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of the Corporation's shareholders but that it also promotes effective decision making at the Board level.

### ***Mandate of the Board***

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

### ***Composition of the Board***

Following the Meeting, the Board will consist of five directors who provide a diversity of business experience. Of these directors, Brian Howlett is a non-independent director due to his current position as a member of management of the Corporation. Christopher D. Hodgson, John D. Harvey, Michael G. Leskovec and Ernie Eves are independent directors.

Mr. Cyr is not standing for re-election at the Meeting but will, however, continue to serve as member of the Board until the date of the Meeting.

Details of directorships held by the directors in other public issuers, if any, are set out in the table below.

<b><i>Name of Director</i></b>	<b><i>Name of Reporting Issuer</i></b>
Brian Howlett	Nighthawk Gold Corporation Bitfarms Ltd.
Ernie Eves	Northfield Capital Corporation
Chris Hodgson	Helios Fairfax Partners Corporation Fairfax India Holdings Corporation NorthStar Gaming Inc.
Michael Leskovec	Rhyolite Resources Ltd.

The Board believes that it functions independently of management. To enhance its ability to act independently of management, the Board reviews its procedures on an ongoing basis to ensure that it can function independently of management. The Board meets, as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance*

*Guidelines*, the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance.

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

The Corporation does not have a formal process of orientation for new directors. However, at all regular Board meetings there is a discussion of the business of the Corporation which provides new and existing directors with an overview of the Corporation's operations. From time to time, corporate officers and legal, financial and other experts are invited to attend Board meetings to describe matters in their areas of expertise.

### ***Ethical Business Conduct***

The Corporation does not have a written code of ethics for directors and officers. All new employees are provided with an employee manual setting out their duties and responsibilities. A director with a material interest in a transaction or agreement considered by the Corporation is required to declare his interest and abstain from voting on the resolutions respecting such matters.

### ***Nomination of Directors***

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

### ***Compensation***

The Board sets the level of compensation for directors. The Board reviews directors' compensation as needed, taking into account time commitment, comparative fees, risks and responsibilities, to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary. See "Board Oversight of Compensation", "Compensation Program" and "Compensation Program Design" under the heading "Executive Compensation" in this Information Circular.

### ***Other Board Committees***

The Board does not have any standing committees other than the Audit Committee.

## **Assessments**

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

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's audited financial statements and Management Discussion and Analysis for the year ended January 31, 2023. Copies of the Corporation's financial statements and Management Discussion and Analysis may be obtained through [www.sedar.com](http://www.sedar.com) or upon written request to the President at 301 – 141 Adelaide Street West, Toronto, Ontario, M5H 3L5.

## **DIRECTORS' APPROVAL**

The contents of this Information Circular and the sending of it have been approved by the directors of the Corporation. This Information Circular has been sent to each director of the Corporation, each shareholder of the Corporation entitled to the Notice of Meeting and the auditors of the Corporation.

DATED as of the 22<sup>nd</sup> day of June, 2023.

BY ORDER OF THE BOARD OF  
DIRECTORS

*(Signed) "Brian Howlett"*

**Brian Howlett**  
**President & Chief Executive Officer**



## SCHEDULE "A"

### HEMLO EXPLORERS INC. (the "Corporation")

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

##### I. PURPOSE

The Audit Committee is a committee of the Corporation's board of directors (the "**Board of Directors**"). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls for the Corporation by:

- reviewing the financial reports and other financial information before such reports and other financial information is provided by the Corporation to any governmental body or the public;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Corporation's financial reporting process and internal controls, the Corporation's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements; and
- encouraging continuous improvement of, and fostering adherence to, the Corporation's policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee's primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation's management which is responsible for preparing the Corporation's financial statements and it is the Corporation's external auditors which are responsible for auditing those financial statements.

##### II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of such number of directors (but at least three) as determined by the Board of Directors, a majority of whom must not be employees or "officers" of the Corporation or any of its "affiliates" (as such terms are defined in the *Business Corporations Act* (Alberta)).

The members of the Audit Committee shall be appointed by the Board of Directors and serve until the next annual meeting of shareholders of the Corporation or until their successors are duly appointed. Unless a Chairman is appointed by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related management discussion & analysis (“**MD&A**”) and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is (the presence in person or by telephone or other communication equipment of) a majority of the members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine upon at least seven days’ prior notice to each of the members, in the regular course of the Audit Committee’s affairs, or 48 hours notice in cases where necessity requires. The notice period may be waived by a quorum of the Audit Committee. The Chairman of the Audit Committee, any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation’s external auditors, or the Chief Executive Officer, Chief Financial Officer or Secretary of the Corporation is entitled to request that the Chairman of the Audit

Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

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

To fulfill its responsibilities and duties, the Audit Committee shall:

#### **Generally**

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.
3. Describe in each management information circular of the Corporation in which management solicits proxies for the purposes of electing directors to the Board of Directors the Audit Committee's composition and other form requirements under Multilateral Instrument 52-110.
4. Report periodically to the Board of Directors.
5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.
6. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.
7. Perform any other activities consistent with this Charter, the Corporation's By-law and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

#### **Documents/Reports Review**

8. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings press releases prior to their publication and/or filing with any governmental body, or the public.
9. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.

10. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure addressed in paragraph 8 of this part, and periodically assess the adequacy of such procedures.
11. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.
12. Provide insight to related party transactions entered into by the Corporation.

### **External Auditors**

13. Recommend to the Board of Directors the selection of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. Instruct the external auditors that the Board of Directors, as the shareholders' representative, is the external auditors' client.
14. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.
15. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.
16. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.
17. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.
18. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
19. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.

20. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

### **Financial Reporting Processes**

21. In consultation with the external auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.
22. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.
23. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

### **Process Improvement**

24. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
25. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.
26. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.
27. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.
28. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.
29. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting

practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.

30. Review activities, organizational structure, and qualifications of the Corporation's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

### **Ethical and Legal Compliance**

31. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
32. Review and update periodically a code of ethical conduct (the "**Code of Conduct**") and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.
33. Review management's monitoring of the Corporation's systems in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
34. Review, with the Corporation's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation's financial statements.

### **Risk Management**

35. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.

## SCHEDULE "B"

### HEMLO EXPLORERS INC. OMNIBUS EQUITY INCENTIVE PLAN

Hemlo Explorers Inc. (the "**Company**") hereby establishes an omnibus equity incentive plan for directors, executive officers, key employees and Consultants of the Company or any of its Subsidiaries.

#### ARTICLE 1 INTERPRETATION

##### Section 1.1 Definitions

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

**"Account"** means an account maintained for each Participant on the books of the Company which will be credited with Awards in accordance with the terms of this Plan;

**"Affiliates"** has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*;

**"Award"** means any of an Option, DSU, or RSU granted to a Participant pursuant to the terms of the Plan;

**"Black-Out Period"** means a period of time when pursuant to any policies of the Company (including the Company's insider trading policy), securities of the Company may not be traded by certain Persons designated by the Company;

**"Board"** has the meaning ascribed thereto in Section 2.2(1);

**"Business Day"** means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Toronto, Ontario for the transaction of banking business;

**"Cashless Exercise Right"** has the meaning ascribed thereto in Section 3.5(3);

**"Cause"** has the meaning ascribed thereto in Section 6.2(1);

**"Change of Control"** means, unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (i) any transaction (other than a transaction described in clause (iii) below) pursuant to which any Person or group of Persons acting jointly or in concert acquires for the first time the direct or indirect beneficial ownership of securities of the Company representing 50% or more of the aggregate voting power of all of the Company's then issued and outstanding securities entitled to vote in the election of directors of the Company, other than any

such acquisition that occurs upon the exercise or settlement of options or other securities granted by the Company under any of the Company's equity incentive plans;

- (ii) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such transaction;
- (iii) the sale, lease, exchange, license or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Company and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned Subsidiary of the Company in the course of a reorganization of the assets of the Company and its wholly-owned Subsidiaries;
- (iv) the passing of a resolution by the Board or shareholders of the Company to substantially liquidate the assets of the Company or wind up the Company's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Company in circumstances where the business of the Company is continued and the shareholdings remain substantially the same following the re-arrangement);
- (v) individuals who, on the Effective Date, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board; or
- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent;

**"Company"** means Hemlo Explorers Inc., a corporation existing under the *Business Corporations Act* (Ontario), as amended from time to time;



**“Consultant”** means a person, other than an employee, executive officer or director of the Company or a Subsidiary, that provides ongoing services to the Company, and includes for an individual Consultant, a corporation of which the individual Consultant is an employee or shareholder, or a partnership of which the individual Consultant is an employee or partner;

**“Consulting Agreement”** means, with respect to any Participant, any written consulting agreement between the Company or a Subsidiary and such Participant;

**“Dividend Equivalent”** means a cash credit equivalent in value to a dividend paid on a Share credited to a Participant’s Account;

**“DSU”** or **“Deferred Share Unit”** means a right awarded to a Participant to receive a payment in the form of Shares upon Termination of Service, as provided in Article 5 and subject to the terms and conditions of this Plan;

**“DSU Agreement”** means a document evidencing the grant of DSUs and the terms and conditions thereof;

**“DSU Settlement Amount”** means the amount of Shares, calculated in accordance with Section 5.5, to be issued to settle a DSU Award after the Filing Date;

**“Effective Date”** means the effective date of the Plan as provided in Section 8.11;

**“Eligible Participants”** means any director, executive officer, employee or Consultant of the Company or any of its Subsidiaries, but for the purposes of Article 5, this definition shall be limited to directors of the Company;

**“Employment Agreement”** means, with respect to any Participant, any written employment agreement between the Company or a Subsidiary and such Participant;

**“Exercise Notice”** means a notice in writing signed by a Participant and stating the Participant’s intention to exercise a particular Award, if applicable;

**“Filing Date”** has the meaning set out in Section 5.4(1), as applicable;

**“Grant Agreement”** means an agreement evidencing the grant to a Participant of an Award, including an Option Agreement, a DSU Agreement, an RSU Agreement, an Employment Agreement or a Consulting Agreement;

**“Incentive Stock Option”** or **“ISO”** means an Option that is granted to a U.S. Participant, as described in Section 3.7;

**“Insider”** has the meaning set out in the applicable rules and policies of the Stock Exchange;

**“Market Value”** means at any date when the market value of Shares is to be determined, (i) if the Shares are listed on a Stock Exchange, the volume weighted average trading price of the Shares on such Stock Exchange for the five trading days immediately preceding the relevant time as it relates to an Award, provided that it is not less than the “Discounted Market Price” (within the meaning of the policies of the TSX Venture

Exchange), in which case it shall be the Discounted Market Price; or (ii) if the Shares are not listed on any stock exchange, the fair market value as is determined solely by the Board, acting reasonably and in good faith and such determination shall be conclusive and binding on all Persons;

**“Option”** means an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, but subject to the provisions hereof, and includes an ISO;

**“Option Agreement”** means a document evidencing the grant of Options and the terms and conditions thereof;

**“Option Price”** has the meaning ascribed thereto in Section 3.3;

**“Option Term”** has the meaning ascribed thereto in Section 3.4;

**“Outstanding Issue”** means the number of Shares that are issued and outstanding, on a non-diluted basis;

**“Participants”** means Eligible Participants that are granted Awards under the Plan;

**“Performance Criteria”** means specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Award;

**“Performance Period”** means the period determined by the Board at the time any Award is granted or at any time thereafter during which any Performance Criteria and any other vesting conditions specified by the Board with respect to such Award are to be measured;

**“Person”** means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

**“Plan”** means this Omnibus Equity Incentive Plan, including any amendments or supplements hereto made after the Effective Date;

**“Prior Plan”** means the stock option plan of the Company in effect immediately prior to the Effective Date;

**“Restricted Period”** means the period determined by the Board pursuant to Section 4.3;

**“RSU”** means a right awarded to a Participant to receive a payment in the form of Shares as provided in Article 4 and subject to the terms and conditions of this Plan;

**“RSU Agreement”** means a document evidencing the grant of RSUs and the terms and conditions thereof;

**“RSU Settlement Date”** has the meaning determined in Section 4.5(1);

**“RSU Vesting Determination Date”** has the meaning described thereto in Section 4.4;

**“Shares”** means the common shares in the share capital of the Company;

**“Share Compensation Arrangement”** means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more full-time employees, directors, officers, Insiders, or Consultants of the Company or a Subsidiary including a share purchase from treasury by a full-time employee, director, officer, Insider, or Consultant which is financially assisted by the Company or a Subsidiary by way of a loan, guarantee or otherwise provided, however, that any such arrangements that do not involve the issuance from treasury or potential issuance from treasury of Shares of the Company are not “Share Compensation Arrangements” for the purposes of this Plan;

**“Stock Exchange”** means the stock exchange on which the majority of the trading volume and value of the Shares occurs, at the applicable time;

**“Subsidiary”** means a corporation, company or partnership that is controlled, directly or indirectly, by the Company;

**“Tax Act”** means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

**“Termination”** means that a Participant has ceased to be an Eligible Participant, including for greater certainty, the earliest date on which both of the following conditions are met: (i) the Participant has ceased to be employed by, or otherwise have a service relationship with, the Company or any Subsidiary thereof for any reason whatsoever; and (ii) the Participant is neither a member of the Board nor a director of the Company or any of its Subsidiaries;

**“Termination Date”** means (i) in the event of a Participant’s resignation, the date on which such Participant ceases to be a director, executive officer, employee or Consultant of the Company or one of its Subsidiaries, and (ii) in the event of the termination of the Participant’s employment, or position as an executive or officer of the Company or a Subsidiary, or as a Consultant, the effective date of the termination as specified in the notice of termination provided to the Participant by the Company or the Subsidiary, as the case may be, and, for greater certainty, without regard to any period of notice, pay in lieu of notice, or severance that may follow the Termination Date pursuant to the terms of the Participant’s employment or services agreement (if any), the applicable employment standards legislation or the common law (if applicable), and regardless of whether the Termination was lawful or unlawful, except as may otherwise be required to meet minimum standards prescribed by the applicable standards legislation;

**“Termination of Service”** means that a Participant has ceased to be an Eligible Participant, and for greater certainty, for those Eligible Participants who are not solely directors of the Company, the earliest date on which both of the following conditions are met: (i) the Participant has ceased to be employed by the Company or has ceased providing ongoing services as a Consultant to the Company or any Subsidiary thereof for any reason whatsoever; and (ii) the Participant is neither a member of the Board nor a director of the Company or any of its Subsidiaries;

**“Trading Session”** means a trading session on a day which the applicable Stock Exchange is open for trading;

**“TSXV Share Limits”** means: (i) the maximum number of Shares issuable to any one Participant under Awards in a 12-month period shall not exceed 5% of the Outstanding Issue (unless requisite disinterested shareholder approval has been obtained to exceed); (ii) the maximum number of Shares issuable to any one Consultant in a 12-month period shall not exceed 2% of the Outstanding Issue; and (iii) Investor Relations Services Providers (within the meaning of the policies of the TSX Venture Exchange) may only be granted Options under an Award and the maximum number of Shares issuable to all Investor Relations Service Providers under any Options awarded shall not exceed 2% of the Outstanding Issue in any 12-month period, in each case measured as of the date of grant of an Award;

**“United States”** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

**“U.S. Participant”** means any Participant who, at any time during the period from the date an Award is granted to the date such award is exercised, redeemed, or otherwise paid to the Participant, is subject to income taxation in the United States on the income received for services provided to the Company or a Subsidiary and who is not otherwise exempt from United States income taxation under the relevant provisions of the U.S. Tax Code or the Canada-U.S. Income Tax Convention, as amended;

**“U.S. Securities Act”** means the United States Securities Act of 1933, as amended;

**“U.S. Tax Code”** means the United States Internal Revenue Code of 1986, as amended; and

**“Vested Awards”** has the meaning described thereto in Section 6.2(5).

## **Section 1.2 Interpretation**

- (1) Whenever the Board is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term “discretion” or “authority” means the sole and absolute discretion of the Board.
- (2) The division of this Plan into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Plan.
- (3) In this Plan, words importing the singular shall include the plural, and *vice versa* and words importing any gender include any other gender.
- (4) The words “including”, “includes” and “include” and any derivatives of such words mean “including (or includes or include) without limitation”. As used herein, the expressions “Article”, “Section” and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Plan, respectively.
- (5) Unless otherwise specified in the Participant’s Grant Agreement, all references to money amounts are to Canadian currency.
- (6) For purposes of this Plan, the legal representatives of a Participant shall only include the administrator, the executor or the liquidator of the Participant’s estate or will.

- (7) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Plan, then the first day of the period is not counted, but the day of its expiry is counted.

## **ARTICLE 2**

### **PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS**

#### **Section 2.1 Purpose of the Plan**

The purpose of the Plan is to permit the Company to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:

- (a) to increase the interest in the Company's welfare of those Eligible Participants, who share responsibility for the management, growth and protection of the business of the Company or a Subsidiary;
- (b) to provide an incentive to such Eligible Participants to continue their services for the Company or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Company or a Subsidiary are necessary or essential to its success, image, reputation or activities;
- (c) to reward Participants for their performance of services while working for the Company or a Subsidiary; and
- (d) to provide a means through which the Company or a Subsidiary may attract and retain able Persons to enter its employment or service.

#### **Section 2.2 Implementation and Administration of the Plan**

- (1) The Plan shall be administered and interpreted by the board of directors of the Company (the "**Board**") or, if the Board by resolution so decides, by a committee appointed by the Board. If such committee is appointed for this purpose, all references to the "Board" herein will be deemed references to such committee. Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or other compensation arrangements, subject to any required approval.
- (2) Subject to Article 7 and any applicable rules of the Stock Exchange, the Board may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations or vary the terms of this Plan and/or any Award hereunder for carrying out the provisions and purposes of the Plan and/or to address tax or other requirements of any applicable jurisdiction.
- (3) Subject to the provisions of this Plan, the Board is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration and operations of the Plan as it may deem necessary or advisable. The Board may delegate to officers or managers of the Company, or committees thereof, the authority, subject to such terms as the Board shall determine, to perform such functions, in whole or in part. Any such delegation by the Board may be revoked at any time at the Board's sole discretion. The interpretation, administration, construction and application of the Plan and any provisions hereof made by the Board, or by any officer, manager, committee or any other Person to which the

Board delegated authority to perform such functions, shall be final and binding on the Company, its Subsidiaries and all Eligible Participants.

- (4) No member of the Board or any Person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder. Members of the Board and any person acting at the direction or on behalf of the Board, shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.
- (5) The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issuance of any Shares or any other securities in the capital of the Company. For greater clarity, the Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, repurchasing Shares or varying or amending its share capital or corporate structure.

### **Section 2.3 Participation in this Plan**

- (1) The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the grant of an Award, the exercise of an Option or transactions in the Shares or otherwise in respect of participation under the Plan. Neither the Company, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder, or in any other manner related to the Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional Awards will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company and its Subsidiaries do not assume and shall not have responsibility for the income or other tax consequences resulting to any Participant and each Participant is advised to consult with such Participant's own tax advisors.
- (2) Participants (and their legal representatives) shall have no legal or equitable right, claim, or interest in any specific property or asset of the Company or any of its Subsidiaries. No asset of the Company or any of its Subsidiaries shall be held in any way as collateral security for the fulfillment of the obligations of the Company or any of its Subsidiaries under this Plan. Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or the Participant's estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.
- (3) Unless otherwise determined by the Board and subject to Policy 4.4 of the TSX Venture Exchange, the Company shall not offer financial assistance to any Participant in regard to the exercise of any Award granted under this Plan.
- (4) The Board may also require that any Eligible Participant in the Plan provide certain representations, warranties and certifications to the Company to satisfy the requirements of applicable laws, including, without limitation, exemptions from the registration requirements of the U.S. Securities Act, and applicable U.S. state securities laws.

- (5) In connection with an Award to be granted to any Eligible Participant, it shall be the responsibility of such person and the Company to confirm that such person is a *bona fide* Eligible Participant for the purposes of participation under the Plan.

#### **Section 2.4 Shares Subject to the Plan**

- (1) Subject to adjustment pursuant to Article 7, the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares from treasury.
- (2) The maximum number of Shares issuable at any time pursuant to outstanding Awards under this Plan and all other Security Based Compensation Arrangements shall be equal to 10% of the Outstanding Issue, as measured as at the date of any grant.
- (3) No Award that can be settled in Shares issued from treasury may be granted if such grant would have the effect of causing the total number of Shares subject to such Award to exceed the above-noted total numbers of Shares reserved for issuance pursuant to the settlement of Awards.
- (4) The Plan is an “evergreen” incentive plan, as Shares of the Company covered by Awards which have been exercised or settled, as applicable, and Awards which have expired or are forfeited, surrendered, cancelled or otherwise terminated or lapsed for any reason without having been exercised, will be available for subsequent grants under the Plan and the number of Awards that may be granted under the Plan increases if the total number of issued and outstanding Shares of the Company increases.

#### **Section 2.5 Limits with Respect to other Share Compensation Arrangements, Insiders, Individual Limits, and Annual Grant Limits**

- (1) The maximum number of Shares issuable pursuant to this Plan and any other Share Compensation Arrangement shall not exceed the limits set out in Section 2.4(2).
- (2) The maximum number of Shares issuable to Eligible Participants who are Insiders (as a group), at any time, under this Plan and any other Share Compensation Arrangement, shall not exceed 10% of the Outstanding Issue at any point in time.
- (3) The maximum number of Shares issuable to Eligible Participants who are Insiders (as a group), within any one year period, under this Plan and any other Share Compensation Arrangement, shall not exceed 10% of the Outstanding Issue at any point in time.
- (4) Subject to the policies of the Stock Exchange, any Shares issued or Award granted pursuant to the Plan, or securities issued under any other Share Compensation Arrangement prior to a Participant becoming an Insider, shall be included for the purposes of the limits set out in Section 2.5(2) and Section 2.5(3).
- (5) The TSXV Share Limits shall apply to the Shares issued or issuable under any Award granted under the Plan and any other Share Compensation Arrangement, subject to the Shares being listed for trading on the TSX Venture Exchange.

## **Section 2.6 Granting of Awards**

Any Award granted under the Plan shall be subject to the requirement that, if at any time the Company shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any Stock Exchange or under any law or regulation of any jurisdiction, or the consent or approval of any Stock Exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant of such Awards or exercise of any Option or the issuance or purchase of Shares thereunder, if applicable, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.

## **Section 2.7 TSX Venture Exchange Vesting Restrictions**

While the Shares are listed for trading on the TSX Venture Exchange:

- (a) no Award (other than Options), may vest before the date that is one year following the date the Award is granted or issued, provided that this requirement may be accelerated for a Participant who dies or who ceases to be an eligible Participant under the provisions hereof in connection with a Change of Control, take-over bid, reverse take-over or other similar transaction; and
- (b) any Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months, in accordance with the vesting restrictions set out in Section 4.4(c) of Policy 4.4 of the TSX Venture Exchange.

## **Section 2.8 Relationship with the Prior Plan**

The Plan supersedes and replaces the Prior Plan. All securities granted under the Prior Plan shall continue to exist and shall remain outstanding in accordance with their terms and the Prior Plan, provided that from the Effective Date no new securities shall be granted under the Prior Plan.

# **ARTICLE 3 OPTIONS**

## **Section 3.1 Nature of Options**

An Option is an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, but subject to the provisions hereof. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an Option.

## **Section 3.2 Option Awards**

Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of



each such Option (the “**Option Price**”) and the relevant vesting provisions (including Performance Criteria, if applicable) and the Option Term, the whole subject to the terms and conditions prescribed in this Plan or in any Option Agreement, and any applicable rules of the Stock Exchange.

### **Section 3.3 Option Price**

The Option Price for Shares that are the subject of any Option shall be determined and approved by the Board when such Option is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

### **Section 3.4 Option Term**

- (1) The Board shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, which shall not be more than ten years from the date the Option is granted (the “**Option Term**”).
- (2) Should the expiration date for an Option fall within a Black-Out Period , such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black-Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan.
- (3) Exercise of Options

Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, any exercise of Options by a Participant shall be made in accordance with any insider trading policies implemented by the Company.

### **Section 3.5 Method of Exercise and Payment of Purchase Price**

- (1) Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in Section 3.5) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Company at its registered office to the attention of the Corporate Secretary of the Company (or the individual that the Corporate Secretary of the Company may from time to time designate) or give notice in such other manner as the Company may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by full payment, by cash, certified cheque, bank draft or any other form of payment deemed acceptable by the Board of the purchase price for the number of Shares specified therein and, if required by Section 8.2, the amount necessary to satisfy any taxes.
- (2) Upon the exercise, the Company shall, as soon as practicable after such exercise but no later than ten Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares either to:

- (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
  - (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.
- (3) Subject to the rules and policies of the Stock Exchange, the Board may, in its discretion and at any time, determine to grant a Participant the alternative, when entitled to exercise an Option, to deal with such Option on a “cashless exercise” basis, on such terms as the Board may determine in its discretion (the “**Cashless Exercise Right**”). Without limitation, the Board may determine in its discretion that such Cashless Exercise Right, if any, grants a Participant the right to terminate such Option in whole or in part by notice in writing to the Company and in lieu of receiving Shares pursuant to the exercise of the Option, receive, without payment of any cash other than pursuant to Section 8.2, that number of Shares, disregarding fractions, which when multiplied by the Market Value on the day immediately prior to the exercise of the Cashless Exercise Right, have a total value equal to the product of that number of Shares subject to the Option multiplied by the difference between the Market Value on the day immediately prior to the exercise of the Cashless Exercise Right and the Option Price.
- (4) In the event the Company determines to accept the Participant’s request pursuant to a Cashless Exercise Right, the Company shall make an election pursuant to subsection 110(1.1) of the Tax Act.

### **Section 3.6 Option Agreements**

Options shall be evidenced by an Option Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine. The Option Agreement may contain any such terms that the Company considers necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

### **Section 3.7 Incentive Stock Options**

- (1) ISOs are available only for Participants who are employees of the Company, or a “parent corporation” or “subsidiary corporation” (as such terms are defined in Section 424(e) and (f) of the U.S. Tax Code), on the date the Option is granted. In addition, a Participant who holds an ISO must continue as an employee, except that upon termination of employment the Option will continue to be treated as an ISO for up to three months, after which the Option will no longer qualify as an ISO, except as provided in this Section 3.7(1). A Participant’s employment will be deemed to continue during period of sick leave, military leave or other *bona fide* leave of absence, provided the leave of absence does not exceed

three months, or the Participant's return to employment is guaranteed by statute or contract. If a termination of employment is due to permanent disability, an Option may continue its ISO status for up to one year, and if the termination is due to death, the ISO status may continue for the balance of the Option's term. Nothing in this Section 3.7(1) will be deemed to extend the original expiry date of an Option.

- (2) A Participant who owns, or is deemed to own, pursuant to Section 424(e) of the U.S. Tax Code, Shares possessing more than 10% of the total combined voting power of all classes of stock of the Company may not be granted an Option that is an ISO unless the Option Price is at least 110% of the Market Value of the Shares, as of the date of the grant, and the Option is not exercisable after the expiration of five years from the date of grant.
- (3) To the extent the aggregate Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and any affiliates) exceeds US\$100,000, the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Options other than ISOs, notwithstanding any contrary provision in the applicable Option Agreement.

## **ARTICLE 4 RESTRICTED SHARE UNITS**

### **Section 4.1 Nature of RSUs**

A "Restricted Share Unit" (or "**RSU**") is an Award in the nature of a bonus for services rendered that, upon settlement, entitles the recipient Participant to acquire Shares as determined by the Board, pursuant and subject to such restrictions and conditions as the Board may determine at the time of grant, unless such RSU expires prior to being settled. Vesting conditions may, without limitation, be based on continuing employment (or other service relationship) and/or achievement of Performance Criteria. Unless otherwise determined by the Board in its discretion, the Award of an RSU is considered a bonus for services rendered in the calendar year in which the Award is made or as an incentive for future services rendered to the Company or its Subsidiaries.

### **Section 4.2 RSU Awards**

- (1) The Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and the Restricted Period of such RSUs, (provided, however, that no such Restricted Period shall exceed the three years referenced in Section 4.3), and (iv) any other terms and conditions applicable to the granted RSUs, which need not be identical and which, without limitation, may include non-competition provisions, subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.
- (2) Subject to the vesting and other conditions and provisions in this Plan and in the RSU Agreement, each vested RSU awarded to a Participant shall entitle the Participant to receive one Share upon confirmation by the Board that the vesting conditions (including the Performance Criteria, if any) have been met and no later than the last day of the

Restricted Period. For greater certainty, RSUs that are subject to Performance Criteria may not become fully vested by the last day of the Restricted Period.

### **Section 4.3 Restricted Period**

The applicable restricted period in respect of a particular RSU shall be determined by the Board but in all cases shall end no later than the 31<sup>st</sup> of December of the third calendar year following the calendar year in which the performance of services for which such RSU is granted, occurred (the “**Restricted Period**”). All unvested RSUs shall be cancelled on the RSU Vesting Determination Date (as such term is defined in Section 4.4) and, in any event: all unvested RSUs shall be cancelled no later than the last day of the Restricted Period.

### **Section 4.4 RSU Vesting Determination Date**

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to an RSU have been met (the “**RSU Vesting Determination Date**”), and as a result, establishes the number of RSUs that become vested, if any. For greater certainty, the RSU Vesting Determination Date must fall after the end of the Performance Period, if any, but no later than the 15<sup>th</sup> of December of the calendar year which commences three years after the calendar year in which the performance of services for which such RSU is granted, occurred. Notwithstanding the foregoing, for any U.S. Participant, the RSU Vesting Determination Date shall occur no later than the 15<sup>th</sup> of March of the calendar year following the end of the Performance Period.

### **Section 4.5 Settlement of RSUs**

- (1) Except as otherwise provided in the RSU Agreement, all of the vested RSUs covered by a particular grant shall be settled as soon as practicable and in any event within ten Business Days following their RSU Vesting Determination Date and no later than the end of the Restricted Period (the “**RSU Settlement Date**”).
- (2) Settlement of RSUs shall take place promptly following the RSU Settlement Date and no later than the end of the Restricted Period. Settlement of RSUs shall be subject to Section 8.2 and shall take place through:
  - (a) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) of a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or
  - (b) in the case of Shares issued in uncertificated form, issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive, to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.
- (3) Notwithstanding the foregoing, for any U.S. Participant, the RSU Settlement Date and delivery of Shares, shall each occur no later than the 15<sup>th</sup> of March of the calendar year following the end of the Performance Period.

#### **Section 4.6 Determination of Amounts**

For the purposes of determining the number of Shares to be issued or delivered to a Participant upon settlement of RSUs pursuant to Section 4.5, such calculation will be made on the RSU Settlement Date based on the whole number of Shares equal to the whole number of vested RSUs then recorded in the Participant's Account to settle in Shares.

#### **Section 4.7 RSU Agreements**

RSUs shall be evidenced by an RSU Agreement in such form not inconsistent with the Plan as the Board may from time to time determine. The RSU Agreement may contain any such terms that the Company considers necessary in order that the RSU will comply with any provisions respecting restricted share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

#### **Section 4.8 Award of Dividend Equivalents**

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of unvested RSUs in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. However, to the extent that Dividend Equivalents awarded under this Section 4.8 entitle Participants to receive additional RSUs, the maximum aggregate number of Shares that might possibly be issued to satisfy this obligation must be included in the grant limits in **Error! Reference source not found.**, clause (i) and (ii) of the defined term "TSXV Share Limits" and Section 2.5(2) and Section 2.5(3), and if the Company does not have a sufficient number of Shares available under this Plan to satisfy its obligations in respect of such Dividend Equivalents it shall make payments in cash.

In the event that the Participant's applicable RSUs do not vest, all Dividend Equivalents, if any, associated with such RSUs will be forfeited by the Participant and returned to the Company's account.

### **ARTICLE 5 DEFERRED SHARE UNITS**

#### **Section 5.1 Nature of DSUs**

A "Deferred Share Unit" (or "**DSU**") is an Award attributable to a Participant's duties as a director of the Company and that, upon settlement, entitles the recipient Participant to receive such number of Shares (which may include Shares purchased in the secondary market by a trustee or administrative agent appointed by the Board) as determined by the Board, and is issuable after Termination of Service of the Participant.

#### **Section 5.2 DSU Awards**

The Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive DSU Awards under the Plan, (ii) fix the number of DSU Awards to be granted to each Eligible Participant, and (iii) fix the date or dates on which such DSU Awards

shall be granted, subject to the terms and conditions prescribed in this Plan and in any DSU Agreement. Each DSU awarded shall entitle the Participant to one Share.

### **Section 5.3 Additional Deferred Share Units**

The Board may award such number of DSUs to a Participant as the Board deems advisable to provide the Participant with appropriate equity-based compensation for the services they render to the Company or its Subsidiaries. The Board shall determine the date on which such DSUs may be granted and the date as of which such DSUs shall be credited to a Participant's Account. An award of DSUs pursuant to this Section 5.3 shall be subject to a DSU Agreement evidencing the Award and the terms applicable thereto.

### **Section 5.4 Settlement of DSUs**

- (1) A Participant may receive their Shares to which such Participant is entitled upon Termination of Service, by filing a redemption notice on or before the 15th day of December of the first calendar year commencing after the date of the Participant's Termination of Service. Notwithstanding the foregoing, if any Participant does not file such notice on or before that 15th day of December, the Participant will be deemed to have filed the redemption notice on the 15th day of December (the date of the filing or deemed filing of the redemption notice, the "**Filing Date**"). In all cases for each U.S. Participant, the U.S. Participant will be deemed to have filed the redemption notice on the date of their Termination of Service.
- (2) The Company will make payment of the DSU Settlement Amount as soon as reasonably possible following the Filing Date and in any event no later than the end of the first calendar year commencing after the Participant's Termination of Service. In all cases for each U.S. Participant, the Company will make payment of the DSU Settlement Amount as soon as reasonably possible following the Filing Date and in any event no later than the 1<sup>st</sup> day of March of the calendar year following Termination of Service.
- (3) In the event of the death of a Participant, the Company will, subject to Section 8.2, make payment of the DSU Settlement Amount within two months of the Participant's death to or for the benefit of the legal representative of the deceased Participant. For the purposes of the calculation of the Settlement Amount, the Filing Date shall be the date of the Participant's death.
- (4) Subject to the terms of the DSU Agreement, including the satisfaction or, at the discretion of the Board, waiver of any vesting conditions, settlement of DSUs shall take place promptly following the Filing Date. Settlement of DSUs shall be subject to Section 8.2 and shall take place through:
  - (a) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) of a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or
  - (b) in the case of Shares issued in uncertificated form, issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator,

as the case may be, of the estate of the Participant) shall be entitled to receive, to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.

### **Section 5.5 Determination of DSU Settlement Amount**

For the purposes of determining the number of Shares to be issued or delivered to a Participant upon settlement of DSUs pursuant to Section 5.4, such calculation will be made on the Filing Date based on the whole number of Shares equal to the whole number of vested DSUs then recorded in the Participant's Account to settle in Shares.

### **Section 5.6 DSU Agreements**

DSUs shall be evidenced by a DSU Agreement in such form not inconsistent with the Plan as the Board may from time to time determine. The DSU Agreement may contain any such terms that the Company considers necessary in order that the DSU will comply with any provisions respecting deferred share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

### **Section 5.7 Award of Dividend Equivalents**

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of DSUs in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. However, to the extent that Dividend Equivalents awarded under this Section 5.7 entitle Participants to receive additional DSUs, the maximum aggregate number of Shares that might possibly be issued to satisfy this obligation must be included in the grant limits in **Error! Reference source not found.**, clause (i) and (ii) of the defined term "TSXV Share Limits" and Section 2.5(2) and Section 2.5(3), and if the Company does not have a sufficient number of Shares available under this Plan to satisfy its obligations in respect of such Dividend Equivalents it shall make payments in cash.

## **ARTICLE 6 GENERAL CONDITIONS**

### **Section 6.1 General Conditions Applicable to Awards**

Each Award, as applicable, shall be subject to the following conditions:

- (1) Vesting Period. Subject to Section 2.7, each Award granted hereunder shall vest in accordance with the terms of the Grant Agreement entered into in respect of such Award. The Board has the right to accelerate the date upon which any Award becomes exercisable notwithstanding the vesting schedule set forth for such Award, regardless of any adverse or potentially adverse tax consequence resulting from such acceleration.
- (2) Employment. Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee by the Company or a Subsidiary to the Participant of employment or another service relationship with the Company or a Subsidiary. The granting of an Award to a Participant

shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ or service in any capacity. Nothing contained in this Plan or in any Award granted under this Plan shall interfere in any way with the rights of the Company or any of its Affiliates in connection with the employment, retention or termination of any such Participant. The loss of existing or potential profit in Shares underlying Awards granted under this Plan shall not constitute an element of damages in the event of termination of a Participant's employment or service in any office or otherwise.

- (3) Grant of Awards. Eligibility to participate in this Plan does not confer upon any Eligible Participant any right to be granted Awards pursuant to this Plan. Granting Awards to any Eligible Participant does not confer upon any Eligible Participant the right to receive nor preclude such Eligible Participant from receiving any additional Awards at any time. The extent to which any Eligible Participant is entitled to be granted Awards pursuant to this Plan will be determined in the sole discretion of the Board. Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship or employment with the Company or any Subsidiary.
- (4) Rights as a Shareholder. Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards by reason of the grant of such Award until such Award has been duly exercised, as applicable, and settled and Shares have been issued in respect thereof. Subject to Section 4.8 and Section 5.7, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such Shares have been issued.
- (5) Conformity to Plan. In the event that an Award is granted, or a Grant Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (6) Non-Transferrable Awards. Except as specifically provided in a Grant Agreement approved by the Board, each Award granted under the Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. No Award granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.
- (7) Participant's Entitlement. Except as otherwise provided in this Plan or unless the Board permits otherwise, upon any Subsidiary of the Company ceasing to be a Subsidiary of the Company, Awards previously granted under this Plan that, at the time of such change, are held by a Person who is a director, executive officer, employee or Consultant of such Subsidiary of the Company and not of the Company itself, whether or not then exercisable, shall automatically terminate on the date of such change.

## **Section 6.2 General Conditions Applicable to Options**

Each Option shall be subject to the following conditions:

- (1) Termination for Cause. Upon a Participant ceasing to be an Eligible Participant for Cause, any vested or unvested Option granted to such Participant shall terminate automatically



and become void immediately. For the purposes of the Plan, the determination by the Company that the Participant was discharged for Cause shall be binding on the Participant. “Cause” shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Company’s codes of conduct and any other reason determined by the Company to be cause for termination.

- (2) Termination not for Cause. Upon a Participant ceasing to be an Eligible Participant as a result of such Participant’s employment or service relationship with the Company or a Subsidiary being terminated without Cause, (i) any unvested Option granted to such Participant shall terminate and become void immediately and (ii) any vested Option granted to such Participant may be exercised by such Participant. Unless otherwise determined by the Board, in its sole discretion, such Option shall only be exercisable within the earlier of 90 days after the Termination Date, or the expiry date of the Option set forth in the Grant Agreement, after which the Option will expire.
- (3) Resignation. Upon a Participant ceasing to be an Eligible Participant as a result of such Participant’s resignation from the Company or a Subsidiary, (i) each unvested Option granted to such Participant shall terminate and become void immediately upon resignation, and (ii) unless otherwise determined by the Board, in its sole discretion, each vested Option granted to such Participant will cease to be exercisable on the earlier of the 30 days following the Termination Date and the expiry date of the Option set forth in the Grant Agreement, after which the Option will expire.
- (4) Permanent Disability/Retirement. Upon a Participant ceasing to be an Eligible Participant by reason of retirement (in accordance with any retirement policy implemented by the Company from time to time) or permanent disability, (i) any unvested Option shall terminate and become void immediately, and (ii) any vested Option will cease to be exercisable on the earlier of the 90 days from the date of retirement or the date on which the Participant ceases such Participant’s employment or service relationship with the Company or any Subsidiary by reason of permanent disability, and the expiry date of the Option set forth in the Grant Agreement, after which the Option will expire.
- (5) Death. Upon a Participant ceasing to be an Eligible Participant by reason of death, any vested Option granted to such Participant may be exercised by the liquidator, executor or administrator, as the case may be, of the estate of the Participant for that number of Shares only which such Participant was entitled to acquire under the respective Options (the “Vested Awards”) on the date of such Participant’s death. Such Vested Awards shall only be exercisable within 12 months after the Participant’s death or prior to the expiration of the original term of the Options whichever occurs earlier.

### **Section 6.3 General Conditions Applicable to RSUs**

Each RSU shall be subject to the following conditions:

- (1) Termination for Cause and Resignation. Upon a Participant ceasing to be an Eligible Participant for Cause or as a result of such Participant’s resignation from the Company or a Subsidiary, the Participant’s participation in the Plan shall be terminated immediately, all RSUs credited to such Participant’s Account that have not vested shall be forfeited and cancelled, and the Participant’s rights to Shares that relate to such Participant’s unvested RSUs shall be forfeited and cancelled on the Termination Date. The Participant shall not receive any payment in lieu of cancelled RSUs that have not vested.

- (2) Death or Termination. Upon a Participant ceasing to be an Eligible Participant as a result of (i) death, (ii) retirement, (iii) Termination for reasons other than for Cause, (iv) such Participant's employment or service relationship with the Company or a Subsidiary being terminated by reason of injury or disability, or (v) becoming eligible to receive long-term disability benefits, all unvested RSUs in the Participant's Account as of such date relating to a Restricted Period in progress shall be terminated, and the Participant shall not receive any payment in lieu of cancelled RSUs.
- (3) General. For greater certainty, where a Participant's employment or service relationship with the Company or a Subsidiary is terminated pursuant to Section 6.3(1) or Section 6.3(2) following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution in respect of such RSUs, the Participant shall remain entitled to such distribution.

## **ARTICLE 7 ADJUSTMENTS AND AMENDMENTS**

### **Section 7.1 Adjustment to Shares**

In the event of (i) any subdivision of the Shares into a greater number of Shares, (ii) any consolidation of Shares into a lesser number of Shares, (iii) any reclassification, reorganization or other change affecting the Shares, (iv) any merger, amalgamation or consolidation of the Company with or into another corporation, or (v) any distribution to all holders of Shares or other securities in the capital of the Company, of cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or Shares, but including for greater certainty shares or equity interests in a Subsidiary or business unit of the Company or one of its Subsidiaries or cash proceeds of the disposition of such a Subsidiary or business unit) or any transaction or change having a similar effect, then the Board shall in its sole discretion, subject to the required approval of any Stock Exchange, determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Award in connection with such occurrence or change, including, without limitation:

- (a) adjustments to the exercise price of such Award without any change in the total price applicable to the unexercised portion of the Award;
- (b) adjustments to the number of Shares to which the Participant is entitled upon exercise of such Award; or
- (c) adjustments to the number or kind of Shares reserved for issuance pursuant to the Plan.

### **Section 7.2 Change of Control**

- (1) In the event of a potential Change of Control, the Board shall have the power, in its sole discretion, subject to Section 7.3, to modify the terms of this Plan and/or the Awards to assist the Participants to tender into a take-over bid or to participate in any other transaction leading to a Change of Control.
- (2) If the Company completes a transaction constituting a Change of Control and within 12 months following the Change of Control, (i) a Participant who was also an officer or

employee of, or Consultant to, the Company prior to the Change of Control has their position, employment or Consulting Agreement terminated, or the Participant is constructively dismissed, or (ii) a director ceases to act in such capacity, then all unvested RSUs shall immediately vest and shall be paid out, and all unvested Options shall vest and become exercisable. Any Options that become exercisable pursuant to this Section 7.2(2) shall remain open for exercise until the earlier of their expiry date as set out in the Grant Agreement and the date that is 90 days after such termination or dismissal.

- (3) Notwithstanding any other provision of this Plan, this Section 7.2 shall not apply with respect to any DSUs held by a Participant where such DSUs are governed under paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.
- (4) Notwithstanding any other provision of this Plan, for all U.S. Participants, "Change of Control" as defined herein shall be as "Change in Control" is defined in 409A of the U.S. Tax Code.

### **Section 7.3 Amendment or Discontinuance of the Plan**

- (1) The Board may suspend or terminate the Plan at any time. Notwithstanding the foregoing, any suspension or termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision with respect to any DSUs held by a Participant.
- (2) The Board may from time to time, in its absolute discretion and without approval of the shareholders of the Company amend any provision of this Plan or any Award, subject to any regulatory or Stock Exchange requirement at the time of such amendment, including, without limitation:
  - (a) any amendment to the general vesting provisions, if applicable, of the Plan or of the Awards;
  - (b) any amendment regarding the effect of termination of a Participant's employment or engagement;
  - (c) any amendment which accelerates the date on which any Option may be exercised under the Plan;
  - (d) any amendment necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body;
  - (e) any amendment of a "housekeeping" nature, including to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan;
  - (f) any amendment regarding the administration of the Plan;
  - (g) any amendment to add provisions permitting the grant of Awards settled otherwise than with Shares issued from treasury, a form of financial assistance or claw back, and any amendment to a provision permitting the grant of Awards settled otherwise

than with Shares issued from treasury, a form of financial assistance or claw back which is adopted; and

- (h) any other amendment that does not require the approval of the shareholders of the Company under Section 7.3(3)(b).
- (3) Notwithstanding Section 7.3(2):
- (a) no such amendment shall alter or impair the rights of any Participant without the consent of such Participant except as permitted by the provisions of the Plan;
  - (b) the Board shall be required to obtain shareholder approval to make the following amendments:
    - (i) any increase to the maximum number of Shares issuable under the Plan (either as a fixed number or fixed percentage of the Outstanding Issue), except in the event of an adjustment pursuant to Article 7;
    - (ii) any amendment that reduces the Option Price or extends the term of Options beyond the original expiry date that benefits an Insider of the Company;
    - (iii) any amendment which extends the expiry date of any Award, or the Restricted Period, or the Performance Period of any RSU beyond the original expiry date or Restricted Period or Performance Period, that benefits an Insider of the Company;
    - (iv) except in the case of an adjustment pursuant to Article 7, any amendment which reduces the exercise price of an Option or any cancellation of an Option and replacement of such Option with an Option with a lower exercise price;
    - (v) any amendment which increases the maximum number of Shares that may be (A) issuable to Insiders at any time, or (B) issued to Insiders under the Plan and any other proposed or established Share Compensation Arrangement in a one-year period, except in case of an adjustment pursuant to Article 7;
    - (vi) any amendment to the definition of an Eligible Participant under the Plan; and
    - (vii) any amendment to the amendment provisions of the Plan.
- (4) Subject to the Shares being listed on the TSX Venture Exchange, any shareholder approval required under Section 7.3(3)(b) shall be disinterested shareholder approval (within the meaning of the policies of the TSX Venture Exchange).
- (5) Notwithstanding the foregoing, any amendment of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision with respect to any DSUs held by a Participant.

## **Section 7.4 TSX Venture Exchange Approval of Adjustments**

While the Shares are listed for trading on the TSX Venture Exchange, any adjustment, other than in connection with a subdivision of the Shares into a greater number of Shares pursuant to Section 7.1(a) or a consolidation of Shares into a lesser number of Shares pursuant to Section 7.1(b), to any Award pursuant to the provisions hereof is subject to the prior acceptance of the TSX Venture Exchange, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

## **ARTICLE 8 MISCELLANEOUS**

### **Section 8.1 Use of an Administrative Agent and Trustee**

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent or trustee to administer the Awards granted under the Plan, including for the purposes of making secondary market purchases of Shares for delivery on settlement of an Award, if applicable, and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Company and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

### **Section 8.2 Tax Withholding**

Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of such withholdings, including in respect of applicable taxes and source deductions, as the Company determines. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding may be satisfied in such manner as the Company determines, including by (a) having the Participant elect to have the appropriate number of such Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company pursuant to Section 8.1, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or determined by the Company as appropriate.

### **Section 8.3 US Tax Compliance**

- (1) DSU Awards granted to U.S. Participants are intended to be comply with, and Option and RSU Awards granted to U.S. Participants are intended to be exempt from, all aspects of Section 409A of the U.S. Tax Code and related regulations ("**Section 409A**"). Notwithstanding any provision to the contrary, all taxes associated with participation in the Plan, including any liability imposed by Section 409A, shall be borne by the U.S. Participant.
- (2) For purposes of interpreting and applying the provisions of any DSU or other Award to subject to Section 409A, the term "termination of employment" or similar phrase will be interpreted to mean a "separation from service," as defined under Section 409A, provided, however, that with respect to an Award subject to the Tax Act, if the Tax Act requires a

complete termination of the employment relationship to receive the intended tax treatment, then “termination of employment” will be interpreted to only include a complete termination of the employment relationship.

- (3) If payment under any DSU or other Award subject to Section 409A is in connection with the U.S. Participant’s separation from service, and at the time of the separation from service the Participant is subject to the U.S. Tax Code and is considered a “specified employee” (within the meaning of Section 409A), then any payment that would otherwise be payable during the six-month period following the separation from service will be delayed until after the expiration of the six-month period, to the extent necessary to avoid taxes and penalties under Section 409A, provided that any amounts that would have been paid during the six-month period may be paid in a single lump sum on the first day of the seventh month following the separation from service.

#### **Section 8.4 Claw back**

Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or Stock Exchange listing requirement, will be subject to such deductions and claw back as may be required to be made pursuant to such law, government regulation or Stock Exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or Stock Exchange listing requirement). Without limiting the generality of the foregoing, the Board may provide in any case that outstanding Awards (whether or not vested or exercisable) and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted violates (i) a non-competition, non-solicitation, confidentiality or other restrictive covenant by which such Participant is bound, or (ii) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Plan. In addition, the Board may require forfeiture and disgorgement to the Company of outstanding Awards and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards, with interest and other related earnings, to the extent required by law or applicable Stock Exchange listing standards, including and any related policy adopted by the Company. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees to cooperate fully with the Board, and to cause any and all permitted transferees of the Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required hereunder. Neither the Board nor the Company nor any other person, other than the Participant and such Participant’s permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or such Participant’s permitted transferees, if any, that may arise in connection with this Section 8.4.

#### **Section 8.5 Securities Law Compliance**

- (1) The Plan (including any amendments to it), the terms of the grant of any Award under the Plan, the grant of any Award and exercise of any Option, and the Company’s obligation to sell and deliver Shares in respect of any Awards, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the rules and regulations of applicable Stock Exchanges and to such approvals by any regulatory or governmental agency as may, as determined by the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any Award hereunder to issue, sell or

deliver Shares in violation of such laws, rules and regulations or any condition of such approvals.

- (2) No Awards shall be granted in the United States and no Shares shall be issued in the United States pursuant to any such Awards unless such Shares are registered under the U.S. Securities Act and any applicable state securities laws or an exemption from such registration is available. Any Awards granted in the United States, and any Shares issued pursuant thereto, will be “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Any certificate or instrument representing Awards granted in the United States or Shares issued in the United States pursuant to such Awards pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws shall bear substantially the following legend restricting transfer under applicable United States federal and state securities laws:

THE SECURITIES REPRESENTED HEREBY [and for Awards, the following will be added: AND THE SECURITIES ISSUABLE PURSUANT HERETO] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN CONNECTION WITH ANY TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, THE SELLER HAS FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THAT EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

- (3) No Awards shall be granted, and no Shares shall be issued, sold or delivered hereunder, where such grant, issue, sale or delivery would require registration of the Plan or of the Shares under the securities laws of any jurisdiction or the filing of any prospectus for the qualification of same thereunder, and any purported grant of any Award or purported issue or sale of Shares hereunder in violation of this provision shall be void.
- (4) The Company shall have no obligation to issue any Shares pursuant to this Plan unless upon official notice of issuance such Shares shall have been duly listed with a Stock Exchange. Shares issued, sold or delivered to Participants under the Plan may be subject to limitations on sale or resale under applicable securities laws.

- (5) If Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Company to issue such Shares shall terminate and any funds paid to the Company in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.

### **Section 8.6 Reorganization of the Company**

The existence of any Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, reclassification, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

### **Section 8.7 Quotation of Shares**

So long as the Shares are listed on one or more Stock Exchanges, the Company must apply to such Stock Exchange or Stock Exchanges for the listing or quotation, as applicable, of the Shares underlying the Awards granted under the Plan, however, the Company cannot guarantee that such Shares will be listed or quoted on any Stock Exchange.

### **Section 8.8 No Fractional Shares**

No fractional Shares shall be issued upon the exercise or vesting of any Award granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise or settlement of such Award, or from an adjustment permitted by the terms of this Plan, such Participant shall only have the right to purchase or receive, as the case may be, the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

### **Section 8.9 Governing Laws**

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

### **Section 8.10 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

### **Section 8.11 Effective Date of the Plan**

The Plan was adopted by the Board on June 21, 2023 and approved by the shareholders of the Company on [●], 2023, being the effective date of the Plan.