

**CANADIAN PALLADIUM RESOURCES INC.**

**NOTICE OF ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

**to be held on Monday, December 22, 2022 at 11:00 a.m. (Vancouver time)  
at 1558 West Hastings Street, Vancouver, British Columbia, V6G 3J4**

**MANAGEMENT INFORMATION CIRCULAR  
AND PROXY STATEMENT**

**November 23, 2022**

**CANADIAN PALLADIUM RESOURCES INC.**

**NOTICE OF ANNUAL GENERAL MEETING OF THE SHAREHOLDERS**

**TAKE NOTICE THAT** an annual general meeting (the "Meeting") of the shareholders of Canadian Palladium Resources Inc. (the "Corporation") will be held at 1558 West Hastings Street, Vancouver, British Columbia, V6G 3J4, on Thursday, December 22, 2022 at 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of the Corporation as at and for the year ended September 30, 2021 and 2020, together with the report of the auditors thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at five (5) members;
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditors; and
5. to transact such other business as may properly come before the Meeting.

Information relating to matters to be acted upon by the shareholders at the Meeting is set forth in the accompanying Management Proxy Circular.

A shareholder may attend the Meeting in person or may be represented at the Meeting by proxy. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are requested to date, sign and return the accompanying instrument of proxy, or other appropriate form of proxy, in accordance with the instructions set forth in the accompanying Management Proxy Circular. An instrument of proxy will not be valid unless it is deposited at the offices of Odyssey Trust (Attention: Proxy Department) at 323 – 409 Granville Street, Vancouver, BC V6C 1T2, in the enclosed self-addressed envelope, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof. Alternatively, a registered shareholder can complete internet voting by logging on at <https://login.odysseytrust.com/pxlogin> and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy. A person appointed as proxy holder need not be a shareholder of the Corporation.

Only shareholders of record as at the close of business on November 17, 2022 are entitled to receive notice of the Meeting.

**SHAREHOLDERS ARE CAUTIONED THAT THE USE OF THE MAIL TO TRANSMIT PROXIES IS AT EACH SHAREHOLDER'S RISK.**

**DATED** at Vancouver, British Columbia as of the 23<sup>rd</sup> day of November, 2022.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Wayne Tisdale"*

Wayne Tisdale  
President & Chief Executive Officer

## CANADIAN PALLADIUM RESOURCES INC.

### Management Information Circular and Proxy Statement

(Unless otherwise stated, information contained herein is given as of November 23, 2022)

## INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING

### **Solicitation of Proxies**

This management information circular and proxy statement (the "Management Proxy Circular") is furnished in connection with the solicitation of proxies by the management of Canadian Palladium Resources Inc. (the "Corporation") for use at the annual general meeting (the "Meeting") of the holders (the "Shareholders") of common shares ("Common Shares") of the Corporation to be held at 1558 West Hastings Street, Vancouver, British Columbia, V6G 3J4, on Thursday, December 22, 2022 at 11:00 a.m. (Vancouver time), for the purposes set forth in the notice of annual general meeting (the "Notice") accompanying this Management Proxy Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, internet, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

### **Appointment of Proxyholders**

Accompanying this Management Proxy Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy for Shareholders must be mailed so as to reach or be deposited at the offices of Odyssey Trust (Attention: Proxy Department) at 323 – 409 Granville Street, Vancouver, BC V6C 1T2 not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for the Meeting or any adjournment thereof.** Alternatively, a registered shareholder can complete internet voting by logging on at <https://login.odysseytrust.com/pxlogin> and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy.

The persons designated in the instrument of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the accompanying instrument of proxy, to attend at and represent the Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy and strike out the names of management's nominees. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

### **Signing of Proxy**

The instrument of proxy must be signed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the Corporation. An instrument of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

### **Revocability of Proxies**

A Shareholder who has submitted an instrument of proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his or her duly authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by a duly authorized officer or attorney of the corporation and deposited either: (i) 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 adjournments thereof, at which the instrument of proxy is to be used; or (ii) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. In addition, an instrument of proxy may be revoked: (i) by the Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

## **Voting of Proxies and Exercise of Discretion by Proxyholders**

All Common Shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the instrument of proxy will be voted in accordance with such instructions. The management designees named in the accompanying instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing him or her on any ballot that may be called for at the Meeting. **In the absence of such direction, such Common Shares will be voted "FOR" the proposed resolutions at the Meetings. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Management Proxy Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

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

Except as disclosed in this Management Proxy Circular, none of the directors or senior officers of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any 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 on, other than the election of directors or the appointment of auditors.

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

### **Voting Shares, Record Date and Principal Shareholders**

As at the date of this Management Proxy Circular, the authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting is November 17, 2022 (the "Record Date"). As at the Record Date, there were 144,067,286 Common Shares issued and outstanding as fully paid and non-assessable.

To the knowledge of the directors and executive officers of the Corporation, there are currently no beneficial owners or persons exercising control or direction over Common Shares carrying more than 10% of the outstanding voting rights as of the Record Date.

### **Common Shares**

The holders of Common Shares are entitled to notice of and to vote at all annual and special meetings of shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per Common Share. The holders of Common Shares are entitled to receive such dividends as the board of directors of the Corporation (the "Board of Directors" or the "Board") declare and, upon liquidation, to receive such assets of the Corporation as are distributable to holders of Common Shares.

### **Voting of Common Shares – General**

Only Shareholders whose names are entered in the Corporation's register of shareholders at the close of business on the Record Date and holders of Common Shares issued by the Corporation after the Record Date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case the transferee shall be entitled to vote his or her Common Shares at the Meeting.

## **Voting of Common Shares – Advice to Non-Registered Holders**

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "CDS").

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Management Proxy Circular and the instrument of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service Corporation (such as Broadridge Financial Solutions, Inc. ("Broadridge")) to forward meeting materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

- a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through Internet based voting procedures; or
- b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Odyssey Trust at the address referred to above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and 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 strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

Executive Compensation is required to be disclosed for (i) each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year (or three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year (the "Named Executive Officers").

The Named Executive Officers of the Corporation during the most recently completed financial year were Wayne Tisdale, President and Chief Executive Officer (Mr. Tisdale was appointed President and Chief Executive Officer on June 6, 2012, resigned on March 3, 2014 and was reappointed July 6, 2015), and Kelsey Chin, Chief Financial Officer (Ms. Chin was appointed Chief Financial Officer on August 9, 2018).

There were no other Named Executive Officers during the most recently completed financial year, as no other employees earned in excess of \$150,000 in the financial year ended September 30, 2021.

### ***Philosophy and Objectives***

As the Corporation does not have a compensation committee, the functions of a compensation committee are performed by the Board of Directors as a whole and the compensation of the Named Executive Officers is reviewed and approved annually by the Board of Directors.

The objective of the Board of Directors in setting compensation levels is to attract and retain individuals of high calibre to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long-term interests of the Shareholders. These objectives are designed to ensure that the Corporation continues to grow on an absolute basis as well as to grow cash flow and earnings for Shareholders. The Board of Directors set the compensation received by Named Executive Officers so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board of Directors relies primarily on their own experience and knowledge.

### ***Compensation***

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

The Board of Directors has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers are paid a monthly consulting fee or salary determined by the Board of Directors, if appropriate. Second, the Board of Directors awards executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Corporation does not provide pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board of Directors. The Chief Executive Officer has substantial input in setting annual compensation levels. The Chief Executive Officer is directly responsible for the financial resources and operations of the Corporation. In addition, the Chief Executive Officer and Board of Directors from time to time determine the stock option grants to be made pursuant to the incentive plan of the Corporation (the "Plan"). Previous grants of stock options are taken into account when considering new grants. The Board of Directors awards bonuses at its sole discretion. The Board of Directors does not have pre-existing performance criteria or objectives.

The Board of Directors considers the implications of the risks associated with the Corporation's compensation policies and practices when determining rewards for its executive officers and ensures that those policies do not encourage management to take inappropriate or excessive risks. The Board of Directors does not believe that there are any risks arising from the compensation programs that would be reasonably likely to have a material adverse effect on the Corporation.

The Corporation's compensation program includes certain mechanisms to ensure risk taking behaviour falls within reasonable risk tolerance levels, including (i) the establishment of a compensation package that is competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin; and (ii) utilizing long term incentive plans (option based awards) for diversification and alignment with risk realization periods.

Neither executive officers nor directors are permitted to take any derivative or speculative positions in the Corporation's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Corporation's securities.

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

### Summary Compensation Table

The following table sets forth information concerning the total compensation paid during the years ended September 30, 2021, September 30, 2020 and September 30, 2019 to the Named Executive Officers.

Name and Principal Position	Year	Annual Compensation			Non-Equity Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
		Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(3)</sup>	Annual Incentive Plans	Long-Term Incentive Plans			
Wayne Tisdale <sup>(1)</sup> <i>President and Chief Executive Officer</i>	2021	120,000	-	63,780	-	-	-	-	183,780
	2020	120,000	-	130,045	-	-	-	-	250,045
	2019	120,000	-	-	-	-	-	-	120,000
Kelsey Chin <sup>(2)</sup> <i>Chief Financial Officer</i>	2021	120,000	-	31,890	-	-	-	-	151,890
	2020	120,000	-	41,950	-	-	-	-	161,950
	2019	120,000	-	-	-	-	-	-	120,000

**Notes:**

- (1) The table above reflects the compensation paid to Galloway Financial Services Inc., a company controlled by Mr. Tisdale.
- (2) The table above reflects the compensation paid to KMC Capital Corp, a company controlled by Ms. Chin.
- (3) This column includes the grant date fair value of all options granted by the Company to the Named Executive Officers during the indicated year. All grant date fair values equal the accounting fair values determined for financial reporting purposes in accordance with IFRS 2 Share-based Payment, and were estimated using the Black-Scholes option pricing model. The grant date fair values of all options granted during the 2021 financial year were estimated by assuming a risk-free interest rate of 0.36% per annum, an expected life of options of 5 years, an expected volatility of 293.21%, and no expected dividends. The Black-Scholes options pricing model has been used to determine grant date fair value due to its wide acceptance across industry as an option valuation model, and because it is the same model the Company uses to value options for financial reporting purposes.

### Incentive Plan Awards

#### *Outstanding Share-Based Awards and Option-Based Awards*

The Plan was established to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation to achieve the longer-term objectives of the Corporation, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract to and retain in the employ of the Corporation, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The following is a summary of the material terms of the Plan:

- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the Plan shall not exceed ten percent (10%) of the total number of issued and outstanding shares in the Corporation.
- Under the Plan, the aggregate number of optioned Common Shares granted to any one optionee in a 12 month period must not exceed 5% of the Corporation's issued and outstanding shares. The number of optioned Common Shares granted to any one consultant in a 12 month period must not exceed 2% of the Corporation's issued and outstanding shares. The aggregate number of optioned Common Shares granted to an optionee who is employed to provide investor relations' services must not exceed 2% of the Corporation's issued and outstanding Common Shares in any 12 month period.
- The exercise price for options granted under the Plan will not be less than the market price of the Corporation's Common Shares at the time of the grant, less applicable discounts permitted by the policies of the Canadian Securities Exchange ("CSE").

- Options will be exercisable for a term of up to ten years, subject to earlier termination in the event of the optionee's death or the cessation of the optionee's services to the Corporation.
- Options granted under the Plan are non-assignable, except by will or by the laws of descent and distribution.

The following table sets forth all share-based or option-based awards outstanding at the financial year ended September 30, 2021 to the Corporation's Name Executive Officers. The table also includes awards granted before September 30, 2021 to the Corporation's Name Executive Officers:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Kelsey Chin <i>Chief Financial Officer</i>	250,000	\$0.39	August 9, 2023	Nil	Nil	Nil	Nil
	200,000	\$0.20	June 4, 2024	Nil			
	250,000	\$0.20	February 11, 2025	Nil			
	300,000	\$0.14	October 28, 2025	Nil			
Wayne Tisdale <i>President and Chief Executive Officer</i>	350,000	\$0.39	August 9, 2023	Nil	Nil	Nil	Nil
	270,000	\$0.20	June 4, 2024	Nil			
	775,000	\$0.20	February 11, 2025	Nil			
	600,000	\$0.14	October 28, 2025	Nil			

**Notes:**

- The securities underlying the options granted are Shares.
- The "Value of unexercised in-the money options" is calculated on the basis of the difference between the closing price of the Shares on the CSE on September 30, 2021, which was \$0.08, and the exercise price of the options.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth all share-based or option-based awards that vested in or were earned by the Corporation's Named Executive Officers during the financial year ended September 30, 2021.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Kelsey Chin <i>Chief Financial Officer</i>	Nil	Nil	Nil
Wayne Tisdale <i>President and Chief Executive Officer</i>	Nil	Nil	Nil

**Notes:**

- This amount is the aggregate dollar value that would have been realized if the options had been exercised on the vesting dates. The amount is computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- This amount is the aggregate dollar value upon vesting of share-based awards. The amount is computed by multiplying the number of Shares by the market value of the underlying Shares on the vesting date.

**Pension Plan Benefits**

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

**Termination and Change of Control Benefits**

Pursuant to the terms of the Plan, if an optionee holds his or her option as director, employee or consultant of the Corporation and such optionee ceases to be a director, employee or consultant of the Corporation, other than by

reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be a director, employee or consultant of the Corporation within a period which is the earlier of the normal expiry date of the option and 90 days following ceasing to be a director, employee or consultant of the Corporation and all unexercised options of the optionee will immediately terminate forthwith without further notice.

If an optionee engaged in investor relations activities ceases to be employed to perform investor relations activities, other than by reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be employed to perform investor relations activities within a period which is the earlier of the normal expiry date of the option and 30 days following ceasing to be employed to perform investor relations activities and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of the death of an optionee, any options which the optionee could have exercised immediately prior to death are exercisable by the executors or personal representatives of the optionee within the earlier of the normal expiry date of the option and 12 months after the optionee's death and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of a consolidation or merger in which the Corporation is not the surviving company, or in the event the Common Shares are converted into securities of another entity or exchanged for other consideration, or in the event of an offer for fifty percent or more of shares being made by a third party that constitutes a take-over bid as that term is defined in the *Securities Act* (British Columbia) or would constitute a take-over bid as that term is defined in the *Securities Act* (British Columbia) but for the fact that the offeree is not in British Columbia, the Board may make such arrangements as the Board deems appropriate for the exercise of outstanding options or continuance of outstanding options.

Other than the aforementioned agreements, there are no compensatory plans, contracts or arrangements with any Named Executive Officer (including payments to be received from the Corporation or any subsidiary), which result or will result from the resignation, retirement or any other termination of employment of such Named Executive Officer or from a change of control of the Corporation or any subsidiary thereof or any change in such Named Executive Officer's responsibilities, where the Named Executive Officer is entitled to payment or other benefits.

## Director Compensation

The Corporation has no standard arrangement pursuant to which directors are compensated by the Corporation for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Canadian Securities Exchange. The following table sets forth compensation that was paid to any director of the Corporation for the director's services as a director during the financial year ended September 30, 2021.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Michelle Gahagan <sup>(1)</sup>	Nil	Nil	63,780	Nil	Nil	90,000	153,780
Bryce Tisdale	Nil	Nil	10,630	Nil	Nil	Nil	10,630
J. Garry Clark	Nil	Nil	63,780	Nil	Nil	Nil	63,780
James Newall	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Notes:

- (1) Fees earned by Michelle Gahagan were paid or accrued to her wholly-owned corporation, Carsonby Enterprises Inc., for services rendered as Chair of the Board at a rate of \$90,000 per annum, which is included under 'other compensation'
- (2) This column includes the grant date fair value of all options granted by the Company to the Directors during the indicated year. All grant date fair values equal the accounting fair values determined for financial reporting purposes in accordance with IFRS 2 Share-based Payment, and were estimated using the Black-Scholes option pricing model. The grant date fair values of all options granted during the 2020 financial year were estimated by assuming a risk-free interest rate of 0.36% per annum, an expected life of options of 5 years, an expected volatility of 293.21%, and no expected dividends. The Black-Scholes options pricing model has been used to determine grant date fair value due to its wide acceptance across industry as an option valuation model, and because it is the same model the Company uses to value options for financial reporting purposes.

## Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

### Incentive plan awards – Outstanding share-based awards and option-based awards

The following table sets forth all share-based or option-based awards outstanding at the financial year ended September 30, 2021 to the Corporation's directors. The table also includes awards granted before September 30, 2021 to the Corporation's directors:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Michelle Gahagan	600,000	\$0.39	August 9, 2023	Nil	Nil	Nil	Nil
	350,000	\$0.20	June 4, 2024	Nil			
	300,000	\$0.20	February 11, 2025	Nil			
	600,000	\$0.14	October 28, 2025	Nil			
J. Garry Clark	600,000	\$0.39	August 9, 2023	Nil	Nil	Nil	Nil
	350,000	\$0.20	June 4, 2024	Nil			
	600,000	\$0.14	October 28, 2025	Nil			
Bryce Tisdale	200,000	\$0.39	August 9, 2023	Nil	Nil	Nil	Nil
	100,000	\$0.20	June 4, 2024	Nil			
	100,000	\$0.20	February 11, 2025	Nil			
	100,000	\$0.14	October 28, 2025	Nil			
James Newall	100,000	\$0.20	June 4, 2024	Nil	Nil	Nil	Nil
	100,000	\$0.20	February 11, 2025	Nil			

#### Notes:

- (1) The securities underlying the options granted are common shares.
- (2) The "Value of unexercised in-the money options" is calculated on the basis of the difference between the closing price of the Shares on the CSE on September 30, 2021, which was \$0.08, and the exercise price of the options.

### Incentive plan awards – value vested or earned during the year

The following table sets forth all share-based or option-based awards that vested in or were earned by the Corporation's directors during the financial year ended September 30, 2021.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michelle Gahagan	Nil	Nil	Nil
J. Garry Clark	Nil	Nil	Nil
Bryce Tisdale	Nil	Nil	Nil
James Newall	Nil	Nil	Nil

#### Notes:

- (1) This amount is the aggregate dollar value that would have been realized if the options had been exercised on the vesting dates. The amount is computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) This amount is the aggregate dollar value upon vesting of share-based awards. The amount is computed by multiplying the number of shares by the market value of the underlying shares on the vesting date.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the end of the Corporation's most recently completed financial year with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
<b>Equity compensation plans approved by security holders</b>	12,955,000	\$0.23	1,351,729 <sup>(1)</sup>
<b>Equity compensation plans not approved by security holders</b>	-	-	-
<b>Total</b>	12,955,000	\$0.23	1,351,729

**Note:**

- (1) The Plan provides that the aggregate number of securities reserved for issuance under the Plan may not exceed 10% of the issued and outstanding shares of the Corporation at the time of granting of options. As at the Record Date, there were 144,067,286 Common Shares issued and outstanding and 12,955,000 outstanding options, with the result that 1,451,729 options were available to the Corporation to be granted.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors and officers of the Corporation, any proposed management nominee for election as a director of the Corporation or any associate of any director, officer or proposed management nominee is or has been indebted to the Corporation at any time during the last completed financial year.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Management Proxy Circular, none of the informed persons of the Corporation (as defined in National Instrument 51-102), nor any proposed nominee for election as a director of the Corporation, nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to the issued shares of the Corporation, nor any associate or affiliate of the foregoing persons has 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, in either case, has or will materially affect the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation.

## CORPORATE GOVERNANCE

The British Columbia Securities Commission has issued guidelines on corporate governance disclosure for venture issuers as set out in Form 58-101F2 (the "Disclosure"). The Disclosure addresses matters relating to constitution and independence of directors, the functions to be performed by the directors of a Corporation and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices specified by the Canadian securities regulators. The Corporation's approach to corporate governance in the context of the specific Disclosure issues outlined in Form 58-101F2 is set out in the attached Schedule "A".

## AUDIT COMMITTEE

### *Audit Committee Charter*

The Charter of the Corporation's Audit Committee is attached to this Management Proxy Circular as Schedule "B".

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

The following are the members of the Audit Committee:

<b>Name</b>	<b>Independent</b>	<b>Financially literate<sup>(2)</sup></b>
Michelle Gahagan	No	Yes
James Newall	Yes	Yes
Bryce Tisdale	Yes	Yes

### **Notes:**

(1) As defined by NI 52-110.

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

Each member of the Audit Committee brings unique education and experience relevant to the performance of their responsibilities and duties as an Audit Committee member. This includes, but is not limited to, an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of accounting principles in connection with the accounting for estimates, accruals and provisions; experience preparing, auditing, analyzing or evaluating financial statements covering a breadth and level of complexity relative to the Corporation or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

*Michelle Gahagan* – Ms. Gahagan is currently a principal of a privately-held merchant bank based in Vancouver and London and has served as a director and Chair of the board of several publicly listed companies. Prior to the commencement of her involvement in merchant banking fifteen years ago, Ms. Gahagan graduated from Queens University Law School and practiced corporate law for 20 years. Ms. Gahagan has extensive experience advising companies with respect to international tax-driven structures, mergers and acquisitions.

*Bryce Tisdale* – Mr. Tisdale has over 15 years of financial experience within the public sector, and has served on the board of directors for numerous publicly listed companies. Throughout his career, Mr. Tisdale has gained significant knowledge in order to carry out his duties as an audit committee member.

*James Newall* – Mr. Newall has previously served as a member of the Corporation's Advisory Board, and is an experienced senior executive and non-executive director. He was the investment director of Intrepid Financial, an incubator of natural resource companies, for eight years. More recently, he served as interim chief executive officer of Conversis, one of the United Kingdom's leading language service providers, and was voluntary chief executive officer of Oracle Cancer Trust, the U.K.'s largest head and neck cancer research charity. Mr. Newall has sat on the boards of many TSX-V-listed public companies, is a graduate of Cambridge University and holds a master's degree in law.

### ***Audit Committee Oversight***

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

### ***Reliance on Certain Exemptions***

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on:

- (a) exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
- (b) exemption in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
- (c) exemption in Subsection 6.1.1(5) (*Events Outside Control of Member*);
- (d) exemption in Subsection 6.1.1(6) (*Death, Incapacity or Resignation*); or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*).

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services as described below under the heading "External Auditors"; however, such engagement is with the mandate of the Audit Committee.

### ***External Auditor Service Fees (By Category)***

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2021	\$57,000	Nil	\$3,500	Nil
2020	\$57,000	Nil	\$3,500	Nil

### ***Exemption***

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110.

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

### **Financial Statements**

The audited financial statements of the Corporation for the year ended September 30, 2021 and the auditors' report thereon accompanying this Management Proxy Circular will be placed before the Shareholders at the Meeting for their consideration. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to Odyssey Trust. No formal action will be taken at the Meeting to approve the financial statements, which have been approved by the Board of Directors of the Corporation in accordance with applicable corporate and securities legislation. Any questions regarding the financial statements may be brought forward at the Meeting.

### **Election of Directors**

#### ***Advance Notice Policy***

The Corporation adopted an advance notice policy on September 25, 2014 (the "Advance Notice Policy"). The Advance Notice Policy provides for advance notice to the Corporation in circumstances where nominations of persons for election to the Board of Directors are made by Shareholders of the Corporation other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia) or (ii) a shareholder proposal made pursuant to the provisions of the *Business Corporations Act* (British Columbia).

The purpose of the Advance Notice Policy is to ensure that all Shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Policy fixes a deadline by which holders of Common Shares must submit director nominations to the Corporation prior to

any annual or special meeting of Shareholders and sets forth the minimum information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form.

The foregoing is merely a summary of the Advance Notice Policy, is not comprehensive and is qualified by the full text of such policy which is available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

As of the date of the Management Proxy Circular, the Corporation has not received notice of a nomination in compliance with the Advance Notice Policy.

### ***Nominees***

The persons named below are the nominees of management for election as directors. The term of office of each of the present directors expires at the Meeting. At the Meeting, the Shareholders will be asked to fix the number of directors of the Corporation to be elected at five members. Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the Meeting to serve until the next annual meeting of the Shareholders of the Corporation, unless his office is earlier vacated. All of the nominees are currently members of the Board of Directors of the Corporation.

Approval of the election of directors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the election, as directors, of the nominees whose names are set forth below.** In the event that prior to the Meeting, any vacancies occur on the slate of nominees submitted herewith, it is intended that discretionary authority will be granted to vote proxies solicited by or on behalf of management for the election of any other person or persons as directors. Management is not currently aware that any such nominees would not be willing to serve as director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

<b>Name, Residence and Present Office Held</b>	<b>Principal Occupation or Employment</b>	<b>Director Since</b>	<b>Number of Common Shares Beneficially Owned or Controlled and percentage of total issued and outstanding<sup>(1)</sup></b>
Wayne Tisdale <i>Malta</i> Director, President & Chief Executive Officer	Mr. Tisdale has 40 years of experience in mining, oil and gas and agriculture financing, exploration and development. He runs his own merchant banking company and sits on the board of directors of a number of private and public companies on the TSX Venture Exchange and CSE.	2012	4,638,116 <sup>(3)</sup>  3.22%
Michelle Gahagan <sup>(2)</sup> <i>Vancouver, British Columbia</i> Director	Ms. Gahagan is currently a principal in a privately-held merchant bank based in Vancouver and London. Prior to the commencement of her involvement in merchant banking fifteen years ago, Ms. Gahagan practiced corporate law for 20 years.	2011	1,250,000  0.87%
James Newall <sup>(2)</sup> <i>London, UK</i> Director	Mr. Newall is a self-employed executive consultant, previously serving as interim CEO of Conversis, one of the United Kingdom's leading language servicer providers, and was voluntary CEO of Oracle Cancer Trust, the UK's largest head and neck cancer research charity. Mr. Newall was also the investment director of Intrepid Financial, an incubator of natural resource companies.	2019	200,000  0.14%
Bryce Tisdale <sup>(2)(4)</sup> <i>Calgary, Alberta</i>	Mr. Tisdale is self-employed, providing marketing, branding and web development to public and private companies.	2015	22,222 <sup>(4)</sup>  0.02%
J. Garry Clark <i>Thunder Bay, Ontario</i>	Mr. Clark is a Professional Geologist, founder of Clark Exploration Consulting Inc.	2018	1,190,335  0.83%

**Notes:**

- (1) The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Common Shares.
- (2) Member of the Audit Committee.
- (3) 20,000 are held directly, 73,695 are held indirectly by Caledonia Capital Corp.; 1,587,300 are held indirectly by Arrandale Financial Corp.; 2,539,171 are held indirectly through Galloway Financial Services Inc.; 400,000 are held indirectly by Harmony Global Ltd.; and 17,950 are held indirectly through Excel Investments Ltd.
- (4) 11,111 are held directly and 11,111 are held indirectly through Nicole Tisdale.

*Corporate Cease Trade Orders or Bankruptcies*

No director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any other Corporation that, while such person was acting in that capacity:

- (i) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days; or
- (ii) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemptions under securities legislation, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

No director or proposed director of the Corporation is, or has been within the past ten years, a director or executive officer of any other Corporation that, while such person was acting in that capacity, or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

*Individual Bankruptcies*

No director or proposed director of the Corporation is or has, within the ten years prior to the date hereof, 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 that individual.

*Penalties or Sanctions*

No director or proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority. No director or proposed director of the Corporation has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

*Conflicts of Interest*

The directors and officers of the Corporation may, from time to time, be involved with the business and operations of other mining issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Corporation and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the *Business Corporations Act* (British Columbia) (the "Act").

**Appointment of Auditors**

Manning Elliott LLP, ("**Manning Elliott**" or the "**Successor Auditor**") of 1700, 1030 West Georgia Street, Vancouver, BC V6E 2Y3 are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of Manning Elliott as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the directors.

Unless otherwise directed, management designees named in the accompanying instrument of proxy intend to vote in favor of the appointment of Manning Elliott LLP, as auditors of the Corporation, to hold office until the close of the next annual meeting, at a remuneration to be determined by the Board of Directors of the Corporation. Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **The Board recommends that the shareholders vote FOR the re-appointment of Manning Elliott LLP as auditor of the Company for the ensuing year.**

#### **Other Matters to Be Acted Upon**

As of the date of this Management Proxy Circular, management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying proxy will be voted on such matters in the best judgment of the person or persons voting the proxy.

#### **MANAGEMENT CONTRACTS**

The Corporation has a consulting agreement with Galloway Financial Services Inc. ("Galloway") and KMC Capital Corp. ("KMC") pursuant to which management services are provided by Wayne Tisdale as Chief Executive Officer and Kelsey Chin as Chief Financial Officer and Corporate Secretary. The Corporation pays or accrues \$10,000 plus GST per month to each Galloway and KMC. The Corporation also has a consulting agreement with Carsonby Enterprises Inc. ("Carsonby") pursuant to which management services are provided by Michelle Gahagan as Chair of the Board. The Corporation pays or accrues \$7,500 plus GST per month to Carsonby.

Other than as set forth above, no management functions of the Corporation or any subsidiary of the Corporation are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedar.com](http://www.sedar.com). Financial information on the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation which can also be accessed at [www.sedar.com](http://www.sedar.com) or which may be obtained upon request from the Corporation at 1558 West Hastings Street, Vancouver, British Columbia, V6G 3J4, or via fax at (604) 639-4451.

## SCHEDULE "A"

### CORPORATE GOVERNANCE POLICY

#### CORPORATE GOVERNANCE DISCLOSURE (FORM 58-101F2)

1. **Board of Directors** — Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including
- (i) the identity of directors that are independent; and  
*James Newall, Bryce Tisdale, and J. Garry Clark*
  - (ii) the identity of directors who are not independent, and the basis for that determination.  
*Wayne Tisdale and Michelle Gahagan*

*In determining whether a director is independent, the Corporation chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director's exercise of independent judgement.*

*Wayne Tisdale is currently President and Chief Executive Officer and Michelle Gahagan is currently Chair of the Board of the Corporation and therefore do not satisfy the definition of Independent as that term is defined in NI 52-110.*

2. **Directorships** — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

*Some of the directors of the Corporation are directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:*

<i>Name of Director</i>	<i>Issuer</i>
<i>Wayne Tisdale</i>	<i>International Metals Mining Corp. Bullet Exploration Inc.</i>
<i>Michelle Gahagan</i>	<i>General Copper Gold Corp. Versus Systems Inc. Moovly Media Inc. Rock Tech Lithium Inc.</i>
<i>J. Garry Clark</i>	<i>DeepMarkit Corp. Bolt Metals Corp. Ophir Gold Corp. Brigadier Gold Limited Superior Canadian Resources Inc. Wedgemount Resources Corp. General Copper Gold Corp. Bullet Exploration Inc.</i>
<i>James Newall</i>	<i>Moovly Media Inc. General Copper Gold Corp.</i>

3. **Orientation and Continuing Education** — Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

*The Corporation has not developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Corporation by meeting with other directors and its officers and employees. Orientation activities will be tailored to the particular needs and expertise of each director and the overall needs of the Board.*

4. **Ethical Business Conduct** — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

*The Corporation does not currently have a formal code of business conduct or policy in place for its directors, officers, employees and consultants. The Board believes that the Corporation's size facilitates informal review of and discussions with employees and consultants.*

*The Board monitors ethical conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.*

5. **Nomination of Directors** — Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

- (i) who identifies new candidates, and
- (ii) the process of identifying new candidates.

*The Board has not appointed a nominating committee as the Board fulfills these functions as a whole. When the Board identifies the need to fill a position on the Board, the Board requests that current directors forward potential candidates for consideration.*

6. **Compensation** — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation, and

*Management of the Corporation is responsible for making recommendations to the Board with respect to compensation for the directors and the CEO. The Board has the ability to adjust and approve such compensation.*

- (ii) the process of determining compensation.

*Market comparisons as well as evaluation of similar positions in different industries in the same geography are the criteria used in determining compensation.*

7. **Other Board Committees** — If the board has standing committees other than the audit and compensation identify the committees and describe their function.

*The Corporation does not have any other committees other than the audit committee.*

8. **Assessments** — Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

*The Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision making processes and the quality of information provided by management.*

## **SCHEDULE "B"**

### **CANADIAN PALLADIUM RESOURCES INC. (the "Corporation")**

#### **AUDIT COMMITTEE CHARTER**

The mandate and charter of the Corporation's audit committee (the "Audit Committee") can be described as follows:

1. Each member of the Audit Committee shall be a member of the Board of Directors, in good standing, and the majority of the members of the audit committee shall be independent in order to serve on this committee.
2. At least one of the members of the Audit Committee shall be financially literate.
3. Review the Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board of Directors. Consider changes that are necessary as a result of new laws or regulations.
4. The Audit Committee shall meet at least four times per year, and each time the Corporation proposes to issue a press release with its quarterly or annual earnings information. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require. The Audit Committee may ask members of the Management or others to attend the meetings and provide pertinent information as necessary.
5. Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the committee.
6. The Audit Committee shall be authorized to hire outside counsel or other consultants as necessary (this may take place any time during the year).
7. Approve any non-audit services provided by the independent auditors, including tax services. Review and evaluate the performance of the independent auditors and review with the full Board of Directors any proposed discharge of the independent auditors.
8. Review with the Management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor.
9. Consider, with the Management, the rationale for employing accounting firms rather than the principal independent auditors.
10. Inquire of the Management and the independent auditors about significant risks or exposures facing the Corporation; assess the steps that Management has taken or proposes to take to minimize such risks to the Corporation; and periodically review compliance with such steps.
11. Review with the independent auditor, the audit scope and plan of the independent auditors. Address the coordination of the audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
12. Inquire regarding the "quality of earnings" of the Corporation from a subjective as well as an objective standpoint.
13. Review with the independent accountants:

- (a) the adequacy of the Corporation's internal controls including computerized information systems controls and security; and
  - (b) any related significant findings and recommendations of the independent auditors together with the Management's responses thereto.
- 14. Review with the Management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures, if any.
- 15. Review with the Management, the independent auditors, the interim annual financial report before it is filed with the regulatory authorities.
- 16. Review with the independent auditor that performs an audit:
  - (a) all critical accounting policies and practices used by the Corporation; and
  - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Management of the Corporation, the ramifications of each alternative and the treatment preferred by the Corporation.
- 17. Review all material written communications between the independent auditors and the Management.
- 18. Review with the Management and the independent auditors:
  - (a) the Corporation's annual financial statements and related footnotes;
  - (b) the independent auditors' audit of the financial statements and their report thereon;
  - (c) the independent auditor's judgments about the quality, not just the acceptability, of the Corporation's accounting principles as applied in its financial reporting;
  - (d) any significant changes required in the independent auditors' audit plan; and
  - (e) any serious difficulties or disputes with the Management encountered during the audit.
- 19. Periodically review the Corporation's code of conduct to ensure that it is adequate and up-to-date.
- 20. Review the procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.
- 21. Review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters. Review any submissions that have been received, the current status, and resolution if one has been reached.
- 22. The Audit Committee will perform such other functions as assigned by law, the Corporation's articles, or the Board of Directors.