



## AUSTRALIAN GOLDFIELDS LIMITED

### MANAGEMENT INFORMATION CIRCULAR

as at November 23, 2021

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management Australian Goldfields Limited (the “**Company**”) for use at the annual general and special meeting (the “**Meeting**”) of its shareholders to be held on **Thursday, December 30, 2021** at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.

In this Circular, references to “the Company”, “we” and “our” refer to Australian Goldfields Limited “common shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold common shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

In order to comply with measures imposed by the federal and provincial governments related to the COVID-19 pandemic, and to mitigate risks to the health and safety of the Company’s shareholders and the community, unless we advise otherwise by way of a news release, the **Meeting will be held in virtual only format**, which will be conducted via telephone conference. Registered shareholders and validly appointed proxyholders may attend the Meeting by calling **1.877.385.4099 (access code: 5498358#)** (toll-free in Canada and the United States). Registered Shareholders who attend the Meeting will have an opportunity to participate at the Meeting, regardless of their geographic location.

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

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

In order to comply with measures imposed by the federal and provincial governments related to the COVID-19 pandemic, and to mitigate risks to the health and safety of the Company’s shareholders and the community, unless we advise otherwise by way of a news release, the Meeting will be held in virtual only format, which will be conducted via telephone conference. Registered Shareholders who attend the Meeting will have an opportunity to participate at the Meeting, regardless of their geographic location.

#### Appointment of Proxyholders

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

The only methods by which you may appoint a person as proxy are submitting a Proxy by mail, hand delivery or fax.

## Voting by Proxyholder

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

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, or where both choices have been specified, in favour or all matters described herein, the persons named in the Proxy will vote the common shares represented by the Proxy for the approval of such matter.**

## Notice and Access

The Company is not sending this Circular to registered or beneficial shareholders using “notice-and-access” as defined under National Instrument 54-101 (“NI 54-101”).

## Registered Shareholders

If you are a Registered Shareholder and wish to have your shares voted at the Meeting, you will be required to submit your vote by proxy. **Due to the COVID-19 pandemic and issues related to the verification of shareholder identity via teleconference, in person voting will not be permitted at the Meeting.** Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the Proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), in accordance with the instructions on the Proxy. Alternatively, Registered Shareholders may vote their common shares via the internet or by telephone as per the instructions provided on the Proxy.

**In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.**

Registered Shareholders electing to submit a Proxy may do so by:

- (a) **Internet.** Vote online at [www.investorvote.com](http://www.investorvote.com) using the Proxy control number found in the enclosed Proxy.
- (b) **Telephone.** Using a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll-free number, the holder’s account number and the Proxy Control Number.
- (c) **Mail.** Completing, dating and signing the enclosed Proxy and returning it to Computershare, by fax within North America at 1-866-249-7775, or by mail or hand delivery at 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Canada.

In all cases ensuring that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Should you wish to contact Computershare, please refer to the following:

**General Shareholder Inquiries:**

By phone: 1-800-564-6253  
By fax: 1-866-249-7775  
By email: [service@computershare.com](mailto:service@computershare.com)  
By regular mail: Computershare Investor Services Inc.  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, Ontario, M5J 2Y1

**Beneficial Shareholders**

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

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

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

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for "**Non-Objecting Beneficial Owners**").

Pursuant to National Instrument 54-101 of the Canadian Securities Administrators, the Company is sending proxy-related materials directly to NOBOs, which materials will include a scannable Voting Instruction Form (a "**VIF**"). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and Internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

Management of the Company does not intend to pay for intermediaries to forward to OBOs under National Instrument 54-101 the proxy-related materials and Form 54-101F7 *Request for Voting Instructions Made by Intermediary*, and, in the case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Every intermediary that mails proxy-related materials to Beneficial Shareholders has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their common shares are voted at the Meeting.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a voting instruction form (the "**Broadridge VIF**") which will be similar to the Proxy provided to Registered Shareholders by the Company.

However, its purpose is limited to instructing the intermediary on how to vote on your behalf. The Broadridge VIF will appoint the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **If you receive a Broadridge VIF, you cannot use it to vote common shares directly at the Meeting – the Broadridge VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the common shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your common shares in that capacity. **If you wish to attend at the Meeting and indirectly vote your common shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.**

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your common shares.

#### **Voting by Proxy Generally**

Proxyholders other than the individuals named in the accompanying Proxy will be required to identify themselves by notice in writing to the Company by 4:00 p.m. (Vancouver time) on **Tuesday, December 28, 2021** so that the Company can confirm their identity prior to the Meeting and facilitate their voting of the Proxies that they hold at the Meeting. Notice may be provided by mail to the Company at Suite 400-1681 Chestnut, Vancouver, British Columbia, Canada, V6J 4M6. Proxies will not be accepted at the Meeting. **All Proxies must be submitted to Computershare by 11:30 a.m. (Vancouver time) on Tuesday, December 28, 2021 (the "Proxy Deadline").**

As there will be no in person attendance or voting at the Meeting, votes received by the Proxy Deadline for each matter set out in the notice of meeting will be tabulated in advance of the Meeting by Computershare and compiled in a proxy report respecting Proxies held by the individuals named in the accompanying Proxy or voting instruction form and an appointee summary respecting proxies held by non-management proxyholders (collectively, the "**Proxy Report**"). The determination as to whether a particular matter has been approved, a particular individual has been appointed or a particular resolution has been passed will be made solely on the basis of the voting results set out in the Proxy Report. Since no in person voting will be permitted due to the COVID-19 pandemic and voting results respecting matters set out in the notice of meeting will be determined solely on the basis of the voting results set out in the Proxy Report, no ballots will be permitted at the Meeting. All results will be determined by reference to the Proxy Report. Management will advise at the Meeting, the voting results for each matter set out in the Proxy Report and shareholders will be entitled to request a copy of the Proxy Report from management after the Meeting.

#### **Revocation of Proxies**

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

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the address of the registered office of the Company at Suite 400-1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- (b) personally attending the Meeting and voting the Registered Shareholder's common shares.

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

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

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

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

The board of directors (the "**Board**") of the Company has fixed **November 23, 2021** as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their common shares voted at the Meeting.

The Company is authorized to issue an unlimited number of common shares without par value. As of the Record Date, there were 30,663,065 common shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares.

To the knowledge of the directors and executive officers of the Company, as at the Record Date, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company.

#### **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

#### **SETTING NUMBER OF DIRECTORS**

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at four (4). The Board proposes that the number of directors remain at four (4). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at four (4).

#### **ELECTION OF DIRECTORS**

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

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

| Name of Nominee;<br>Current Position with the<br>Company, Province and<br>Country of Residence     | Occupation, Business or<br>Employment <sup>(1)</sup>   | Period as a Director<br>of the Company | Common<br>Shares<br>Beneficially<br>Owned or<br>Controlled <sup>(1)</sup> |
|--|--|--|---|
| <b>Adrian Hobkirk</b> <sup>(2)</sup><br>Washington, USA<br><i>President, CEO and Director</i>      | Business Executive; President and CEO of the Company. President and CEO of Lithium South Development Corporation (formerly NRG Metals Inc.) since October 2004 and Gold Port Corporation since November 2016.  | April 4, 2018                          | 603,000   |
| <b>Christopher P. Cherry</b> <sup>(2)</sup><br>British Columbia, Canada<br><i>CFO and Director</i> | Chartered Professional Accountant; self-employed management consultant providing management and accounting consulting services to public companies, since 2007.  | April 4, 2018                          | 600,000 <sup>(3)</sup>  |
| <b>Teresa Cherry</b><br>British Columbia, Canada<br><i>CFO, Corporate Secretary and Director</i>   | Chartered Professional Accountant, Certified General Accountant; self-employed management consultant providing management and accounting consulting services to public companies since 2018, and accountant of a private company servicing junior public companies since 2009. | March 5, 2018                          | 600,000 <sup>(4)</sup>  |
| <b>William (Bill) Feyerabend</b> <sup>(2)</sup><br>Arizona, USA<br><i>Director</i>                 | Providing consulting services in the exploration and development sector since 1972 and management consultant services since 2007.  | November 10, 2020                      | Nil   |

- (1) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise indicated, each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years. The number of common shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by the nominees themselves.
- (2) Member of Audit Committee.
- (3) These common shares are held indirectly through Cherry Consulting Ltd., a company owned and operated by Mr. Cherry.
- (4) These common shares are held indirectly through CTC Consulting Ltd., a company owned and operated by Ms. Cherry.

### CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Except as disclosed below, to the best of the Company’s knowledge, as at the date of this Circular, and within the last 10 years before the date of this Circular, no proposed director (or any of their personal holding companies) of the Company was a director, CEO or CFO of any company (including the Company) that:

- (a) was subject to a cease trade or similar order (“**CTO**”) or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO; or
- (b) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, CEO or CFO in the company and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Adrian Hobkirk, President, CEO and a director of the Company, is the President, CEO and a director of Lithium South Development Corporation (formerly NRG Metals Inc.) (“**NRG**”). Christopher P. Cherry, a director of the Company, is the CFO and a director of NRG. On June 9, 2020, at the request of management, NRG submitted an application to the British Columbia Securities Commission (the “**BCSC**”) for a management cease trade order (the “**MCTO**”) for the postponement of filing its audited financial statements, management’s discussion & analysis

(“**MD&A**”) and related certifications (the “**Financial Materials**”) for the year ended December 31, 2019 and interim financial statements and MD&A for the quarter ended March 31, 2020. On July 16, 2020, the BCSC issued a revocation order for NRG and the MCTO was lifted.

Mr. Hobkirk and Mr. Cherry are directors and officers of Gold Port Corporation (“**Gold Port**”). On July 21, 2020, the BCSC issued a CTO against Gold Port for failure to file its Financial Materials for the year ended December 31, 2019. On July 22, 2020, the Canadian Securities Exchange (the “**CSE**”) suspended the Company from trading. On August 31, 2020, the Company filed the Financial Materials and the CTO was lifted on September 2, 2020. The Company was reinstated for trading on the CSE on September 3, 2020.

Mr. Cherry was a former director and/or officer of Wolfeye Resource Corp. (now Lexagene Holdings Inc.) (“**Lexagene**”). On August 7, 2013, the BCSC issued a CTO against Lexagene and its insiders for failure to file Financial Materials for the year ended March 31, 2013. On August 8, 2013, trading in Lexagene’s common shares was suspended by the TSX Venture Exchange (the “**TSXV**”) for failure to file the Financial Materials for the year ended March 31, 2013. On September 26, 2013, Lexagene filed the Financial Materials and the CTO was lifted. Lexagene applied to the TSXV to lift the trading suspension and, after satisfying all of the conditions of the TSXV, the suspension was lifted and trading in Lexagene’s common shares recommenced on October 30, 2013.

Mr. Cherry is currently the CFO of Mexivada Mining Corp. (“**Mexivada**”). On October 29, 2010, the BCSC issued a CTO against Mexivada and its insiders for failure to file the Financial Materials for the year ended June 30, 2010. The CTO was rescinded on November 30, 2010 and is no longer in effect. On October 31, 2011, the BCSC issued a CTO against Mexivada and its insiders for failure to file the Financial Materials for the year ended June 30, 2011. The CTO was rescinded on November 24, 2011 and is no longer in effect. On October 31, 2012, the BCSC issued a CTO against Mexivada and its insiders for failure to file the Financial Materials for the year ended June 30, 2012. The CTO is still in effect.

Mr. Cherry was a former director and officer of 1040426 BC Ltd., 1040433 BC Ltd., 1040440 BC Ltd., 1040442 BC Ltd. and Genix Pharmaceutical Corp., companies that are reporting issuers in the provinces of British Columbia and Alberta. On December 2, 2016, the BCSC issued a CTO against these companies, their directors, officers and insiders for failure to file the Financial Materials for the year ended July 31, 2016. The BCSC also issued deficiency notices to each of 1040440 BC Ltd. and Genix Pharmaceutical Corp. for failure to file the Financial Materials for the first quarter ended October 31, 2016. On May 23, 2017, the BCSC issued revocation orders for each of 1040426 BC Ltd., 1040433 BC Ltd. and 1040442 BC Ltd. (now Zenith Exploration Inc.) and the CTOs were lifted. On September 20, 2017, the BCSC issued a revocation order for 1040440 BC Ltd. and the CTO was lifted. On April 13, 2018, the BCSC issued a revocation order for Genix Pharmaceutical Corp. and the CTO was lifted.

Mr. Cherry is the CFO of Block One Capital Inc. (“**Block One**”). On January 2, 2019, the BCSC issued a CTO against Block One and its insiders for failure to file its Financial Materials for the year ended August 31, 2018. On January 31, 2019, the BCSC issued a revocation order for Block One and the CTO was lifted.

Mr. Cherry was the former Director and CFO of NetCents Technology Inc. (“**NetCents**”). On March 1, 2019, the BCSC issued a CTO against NetCents and its insiders for failure to file the Financial Materials for the year ended October 31, 2018. On March 29, 2019, the BCSC issued a revocation order for NetCents and the CTO was lifted. On February 26, 2020, at the request of management, NetCents submitted an application to the BCSC for an MCTO for the postponement of filing its Financial Materials for the year ended October 31, 2019. On June 17, 2020, the BCSC issued a revocation order for NetCents and the MCTO was lifted.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is as at the date of this Circular or has been within 10 years before the date of this Circular, a director or executive officer of any company, including the Company, that, while that person 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; or
- (b) has within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

None of the proposed directors (or any of their personal holding companies) 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 a regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **APPOINTMENT OF AUDITOR**

Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants (“DMCL”), of Suite 1500, 1140 West Pender Street, Vancouver, British Columbia V6E 4G1, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the Board.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

#### **The Audit Committee’s Charter**

The Audit Committee has a charter. A copy of the Audit Committee charter is attached hereto as Schedule “A”.

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

The current members of the Audit Committee are Christopher P. Cherry (Chair), Adrian Hobkirk and William (Bill) Feyerabend. All members of the Audit Committee are financially literate. Mr. Cherry and Mr. Feyerabend are not executive officers of the Company and, therefore, independent members of the Audit Committee. Mr. Hobkirk is the President and CEO of the Company and is therefore, not considered an independent member of the Audit Committee.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a member’s independent judgement.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

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

The following describes the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member:

**Christopher P. Cherry** has over 20 years of corporate accounting and audit experience. Mr. Cherry has extensive corporate experience and has held senior level positions for several public mining companies including Director, CFO, and Corporate Secretary. Mr. Cherry has been CFO of Lithium South Development Corporation (formerly NRG Metals Inc.) since November 26, 2014 and a director since December 22, 2017. He has been CFO and director of Gold Port Corporation (formerly Corsurex Resource Corp. and Gold Port Resources Ltd.) since November 18, 2016. Mr. Cherry is a Chartered Professional Accountant, having completed his Chartered Accountant designation in February 2009 and his Certified General Accountant in 2004. In his former experience as an auditor, he held positions with KPMG and Davidson and Co. LLP in Vancouver, where he gained experience as an auditor for junior public companies, and an IPO specialist.



**Adrian Hobkirk** has over 25 years of experience in the mining and venture capital industry, beginning with Norgold Resources in 1990, which was ultimately purchased by BEMA Gold. Mr. Hobkirk has been involved in Guyana for over twenty years and founded Gold Port Corporation (formerly Corsurex Resource Corp. and Gold Port Resources Ltd.) to develop the Groete Gold Copper Deposit in 2006. He has worked in many countries including Canada, Mongolia, Venezuela, Guyana, Argentina, Chile, Colombia, the United States and Mexico. He has been involved in mineral exploration and technology ventures, and has extensive public company experience. Mr. Hobkirk has been President, CEO and a director of Lithium South Development Corporation (formerly NRG Metals Inc.) since October 20, 2004 and President, CEO and a director of Gold Port Corporation since November 18, 2016. He holds a BA in Economics from Simon Fraser University.

**William (Bill) Feyerabend** has over thirty five years of experience in mineral exploration in twelve countries. He has worked at every level from prospect evaluation to regional exploration to discovery and development of major gold deposits. He was part from discovery to production of the million ounce Mesquite gold mine in California and the multi-million ounce Chimney Creek (now Twin Creeks) mine in Nevada. Mr. Feyerabend also served as Project Manager for one of the largest gold mines in the world, the large Brisas Gold Mine in Venezuela. He has been a Certified Professional Geologist since 2007 and has authored technical reports on gold projects in five countries. In addition to gold, he also has been part of the discovery of industrial minerals, base metal and lithium brine deposits. Most recently he helped bring Flagstaff Minerals' Kingman Project (Arizona) thru permitting and drilling. He is a 1972 graduate of the University of Southern California with a B. Sc. Geology degree. Feyerabend is also familiar with paleoplacer deposits in the western US.

Each member of the Company's present and proposed Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

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

#### **Audit Committee Oversight**

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor.

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

The Company's auditors, DMCL, have not provided any material non-audit services.

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

#### **External Auditor Service Fees**

The Audit Committee has reviewed the nature and amount of the non-audited services provided by DMCL, to the Company to ensure auditor independence. The following table outlines the fees incurred with DMCL for audit and non-audit services in the last two fiscal years:

| <u>Nature of Services</u>         | <u>Fees Paid to Auditor<br/>in Year Ended<br/>June 30, 2021</u> | <u>Fees Paid to Auditor<br/>in Year Ended<br/>June 30, 2020</u> |
|-----------------------------------|---|---|
| Audit Fees <sup>(1)</sup>         | \$13,763  | \$10,640  |
| Audit-Related Fees <sup>(2)</sup> | 6,900   | Nil   |
| Tax Fees <sup>(3)</sup>           | 1,150   | 1,500   |

| <u>Nature of Services</u>     | <b>Fees Paid to Auditor<br/>in Year Ended<br/>June 30, 2021</b>  | <b>Fees Paid to Auditor<br/>in Year Ended<br/>June 30, 2020</b> |
|-------------------------------|--|---|
| All Other Fees <sup>(4)</sup> | Nil  | Nil   |
| <b>Total:</b>                 | <b><u>\$21,813</u></b>   | <b><u>\$12,140</u></b>  |
| (1)                           | “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits. |   |
| (2)                           | “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.   |   |
| (3)                           | “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.  |   |
| (4)                           | “All Other Fees” include all other non-audit services.   |   |

### **Exemption**

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the year ended June 30, 2021. This exemption exempts a “venture issuer” from the requirement to have 100% of the members of its Audit Committee independent, as would otherwise be required by NI 52-110.

## **CORPORATE GOVERNANCE**

### **General**

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices.

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators have adopted NI 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the Canadian Securities Administrators have implemented NI 58-101, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

### **Board of Directors**

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its Audit Committee, the Board examines the effectiveness of the Company’s internal control processes and management information systems. The plenary Board reviews executive compensation and recommends stock option grants.

The independent members of the Board are Christopher P. Cherry and William (Bill) Feyerabend. The non-independent members of the Board are Adrian Hobkirk, the President and CEO of the Company, and Teresa Cherry, the CFO and Corporate Secretary of the Company.

The following directors of the Company are directors of other reporting issuers:

**Adrian Hobkirk**

Mr. Hobkirk is a director of Lithium South Development Corporation and Gold Port Corporation.

**Christopher P. Cherry**

Mr. Cherry is a director of Block One Capital Inc. (formerly Essex Angel Capital Inc.), CannaOne Technologies Inc., Clydesdale Resources Inc., Harvest Gold Corporation, Integrated Cannabis Company Inc., Lithium South Development Corporation, Petrichor Energy Inc., American Biofuels Inc., VPN Technologies Inc., Gold Port Corporation, Treatment.com International Inc., Anquiro Resources Ltd. and Lynx Global Digital Finance Corporation.

**William (Bill) Feyerabend**

Mr. Feyerabend is a director of Lithium South Development Corporation and Gold Port Corporation.

**Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

**Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

**Nomination of Directors**

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

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

**Compensation**

The Board determines compensation for the directors and CEO.

**Other Board Committees**

The Board has no other committees other than the Audit Committee.

## **Assessments**

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

## **COMPENSATION OF EXECUTIVE OFFICERS**

### **Executive Compensation**

In this section “Named Executive Officer” (“NEO”) means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

During the year ended June 30, 2021, the Company had two NEOs; Adrian Hobkirk, President and CEO of the Company and Teresa Cherry, CFO and Corporate Secretary.

### **Compensation Discussion and Analysis**

The Board has not appointed a compensation committee so the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company’s base compensation structure and equity-based compensation programs, recommending compensation of the Company’s officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board as a whole.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company. The Board receives independent competitive market information on compensation levels for executives.

The compensation for executives includes four components: base consulting fees, bonus (if applicable), stock options and perquisites. As a package, the compensation components are intended to satisfy the objectives of the compensation program (that is, to attract, retain and motivate qualified executives). There are no predefined or standard termination payments, change of control arrangements or employment contracts.

### **Philosophy and Objectives**

The Company’s compensation policies and programs are designed to be competitive with similar mining exploration companies and to recognize and reward executive performance consistent with the success of the Company’s business. The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including (a) attracting and retaining talented, qualified and effective executives, (b) motivating the short and long-term performance of these executives; and (c) better aligning their interests with those of the Company’s shareholders.

In compensating its senior management, the Company has encouraged equity participation and in furtherance thereof employs its stock option plan.

### **Equity Participation**

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation has been accomplished through the issuance of founder’s shares and the Company’s stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base consulting fees and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board.

Given the evolving nature of the Company’s business, the Board continues to review the overall compensation plan for senior management so as to continue to address the objectives identified above.

## Option-Based Awards

On October 28, 2020, the Board adopted a new 10% rolling stock option plan (the “Plan”) which was approved by the shareholders of the Company on December 29, 2020.

The Plan provides incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All stock option grants require approval of the Board.

The stock option plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

See *Particulars of Matters to be Acted Upon – Re-approve 10% Rolling Stock Option Plan* for further information on the Company’s stock option plan.

## Summary Compensation Table

| Name of NEO and Principal Position                        | Year | Salary (\$) | Share-based Awards (\$) | Option-based Awards (\$) | Non-Equity Incentive Plan Compensation |                                | Pension Value (\$) | All Other Compensation (\$) | Total Compensation (\$) |
|---|------|-------------|-------------------------|--------------------------|--|--------------------------------|--------------------|-----------------------------|-------------------------|
|   |      |             |                         |                          | Annual Incentive Plans (\$)            | Long-term Incentive Plans (\$) |                    |                             |                         |
| Adrian Hobkirk<br>President & CEO <sup>(1)</sup>          | 2021 | Nil         | Nil                     | 381,561                  | Nil                                    | Nil                            | Nil                | 181,640                     | 563,201                 |
|   | 2020 | Nil         | Nil                     | Nil                      | Nil                                    | Nil                            | Nil                | 80,680                      | 80,680                  |
|   | 2019 | Nil         | Nil                     | Nil                      | Nil                                    | Nil                            | Nil                | 67,687                      | 67,687                  |
| Teresa Cherry<br>CFO & Corporate Secretary <sup>(2)</sup> | 2021 | Nil         | Nil                     | 246,892                  | Nil                                    | Nil                            | Nil                | 140,000                     | 386,892                 |
|   | 2020 | Nil         | Nil                     | Nil                      | Nil                                    | Nil                            | Nil                | 60,000                      | 60,000                  |
|   | 2019 | Nil         | Nil                     | Nil                      | Nil                                    | Nil                            | Nil                | 110,000                     | 110,000                 |

(1) Mr. Hobkirk has served as President, CEO and a director of the Company since April 4, 2018.

(2) Ms. Cherry has served as CFO and a director of the Company since March 5, 2018 and Corporate Secretary of the Company since September 30, 2018.

## 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 Company to achieve the longer-term objectives of the Company, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company and to attract to and retain in the employ of the Company, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company.

The following table sets out all option-based awards outstanding as at June 30, 2021 for each NEO. There were no share-based awards granted to any of the NEOs:

| Option-based Awards               |   |                            |                        |  |
|-----------------------------------|---|----------------------------|------------------------|--|
| Name and Principal Positions      | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised in-the-Money Options (\$) |
| Adrian Hobkirk<br>President & CEO | 850,000   | 0.20                       | May 27, 2026           | Nil  |
| Teresa Cherry<br>CFO              | 550,000   | 0.20                       | May 27, 2026           | Nil  |

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

The following table sets out the value vested during the financial year ended June 30, 2021 for options awarded under the Plan for the NEO, as well as the value earned under non-equity incentive plans for the same period.

| <b>Name</b>                              | <b>Option-based awards - Value vested during the year (\$)</b> | <b>Share-based awards - Value vested during the year (\$)</b> | <b>Non-equity incentive plan compensation Value earned during the year (\$)</b> |
|--|--|---|---|
| <b>Adrian Hobkirk</b><br>President & CEO | Nil  | Nil   | Nil   |
| <b>Teresa Cherry</b><br>CFO              | Nil  | Nil   | Nil   |

**Pension Plan Benefits**

The Company 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, or officer of the Company and such optionee ceases to be a director, or officer of the Company, 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, or officer of the Company within a period which is the earlier of the normal expiry date of the option and 90 days following ceasing to be a director, or officer of the Company and all unexercised options of the optionee will immediately terminate forthwith without further notice.

If an optionee holds his or her options as an employee, consultants or is engaged in investor relations activities ceases to be engaged for such services, 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 engaged for such services within a period which is the earlier of the normal expiry date of the option and 30 days following ceasing to be engaged for such services and all unexercised options of the optionee will immediately terminate forthwith without further notice.

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

**Management Contracts**

No management functions of the Company or any subsidiary of the Company are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

**Director Compensation**

The Company has no standard arrangement pursuant to which directors are compensated by the Company 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 Company for the director's services as a director during the financial year ended June 30, 2021.

| <b>Name</b>                       | <b>Fees earned (\$)</b> | <b>Share-based awards (\$)</b> | <b>Option-based awards (\$)</b> | <b>Non-equity incentive plan compensation (\$)</b> | <b>Pension value (\$)</b> | <b>All other compensation (\$)</b> | <b>Total (\$)</b> |
|-----------------------------------|-------------------------|--------------------------------|---------------------------------|--|---------------------------|------------------------------------|-------------------|
| Christopher Cherry <sup>(1)</sup> | Nil                     | Nil                            | Nil                             | Nil  | Nil                       | 140,000                            | 140,000           |

| Name                                     | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|--|------------------|-------------------------|--------------------------|---|--------------------|-----------------------------|------------|
| William (Bill) Feyerabend <sup>(2)</sup> | Nil              | Nil                     | Nil                      | Nil   | Nil                | 23,949                      | 23,949     |

- (1) Mr. Cherry was appointed as a director of the Company on April 4, 2018. Fees paid or accrued by the Company to a company controlled by Mr. Cherry, Cherry Consulting Ltd.
- (2) Mr. Feyerabend was appointed as a director of the Company on November 10, 2020.

### Outstanding Option-Based Awards

The following table sets forth for each director, other than those who are also NEOs of the Company, all awards outstanding at the end of the most recently completed financial year ended June 30, 2021, including awards granted before the most recently completed financial year.

| Name                      | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) |
|---------------------------|---|----------------------------|------------------------|--|
| Christopher P. Cherry     | 300,000   | 0.20                       | May 27, 2026           | Nil  |
| William (Bill) Feyerabend | 150,000   | 0.20                       | May 27, 2026           | Nil  |

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

The following table sets forth, for each director, other than those who are also NEOs of the Company, the value of all incentive plan awards vested during the financial year ended June 30, 2021:

| Name                      | Option-based awards - Value vested during the year (\$) | Share-based awards - Value vested during the year (\$) | Non-equity incentive plan compensation Value earned during the year (\$) |
|---------------------------|---|--|--|
| Christopher P. Cherry     | Nil   | Nil  | Nil  |
| William (Bill) Feyerabend | Nil   | Nil  | Nil  |

### Securities Authorized for Issuance under Equity Compensation Plans

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

| 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     | 3,050,000   | 0.20  | 16,307  |
| Equity compensation plans not approved by securityholders | Nil   | Nil   | Nil   |
| <b>Total</b>  | <b>3,050,000</b>  | <b>Nil</b>  | <b>16,307</b>   |

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or who at any time during the last financial year was a director or executive officer or employee of the Company, a proposed nominee for election as a director of the Company or an associate of any such

director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Company or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

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

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end most recently completed financial year or as at the date hereof.

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

Except as disclosed herein, since the commencement of the Company's last completed financial year, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

#### **MANAGEMENT CONTRACTS**

Except as set out herein, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

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

##### **Re-Approve 10% Rolling Stock Option Plan**

On October 28, 2020, the Board approved the adoption of the Company's 10% rolling Plan. The Plan requires shareholder approval for continuation at every annual meeting of the Company by ordinary resolution.

The Plan is a rolling plan, and a maximum of 10% of the issued and outstanding common shares of the Company at the time an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the Plan, are reserved for options to be granted at the discretion of the Board to eligible optionees (an "Optionee"). At the date of this Circular, there were 3,050,000 options outstanding.

A copy of the Plan will be available for inspection at the Meeting.

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

At the Meeting, Shareholders will be asked to consider and vote on the ordinary resolution to approve the Plan, with or without variation, as follows:

##### **"UPON MOTION DULY MADE, BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. The Stock Option Plan (the "Plan"), as approved by the Company's Board on October 28, 2020, as more particularly described in the Circular of the Company dated November 23, 2021, be ratified and approved.
2. To the extent permitted by law, the Company be authorized to abandon all or any part of the Plan if the Board deems it appropriate and in the best interests of the Company to do so.
3. Any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to these resolutions."

##### **Adoption of New Articles**

The Company is seeking shareholder approval to replace its articles (the "Current Articles") with a new form of articles (the "New Articles"), with a view to incorporating the latest changes in laws and procedures and to providing the Company with greater flexibility in certain circumstances. The Board believes that adopting the New Articles will enable the Company to be more efficient and cost-effective, will provide the Company with greater flexibility in communicating with shareholders and in holding meetings and will provide shareholders with certain rights not provided for in the Current Articles.



### ***Summary of the New Articles***

The provisions of the New Articles are substantially similar to those of the Current Articles. The substantive changes from the Current Articles are as follows:

- (a) The quorum for shareholders' meetings is changed from two shareholders, present in person or represented by proxy, who hold at least 5% of the issued and outstanding shares, to one shareholder present in person or represented by proxy.
- (b) Article 14 *Election and Removal of Directors*, be amended to include the following provisions, beginning at Article 14.12:

#### **14.12 Nominations of Directors**

Only persons who are eligible under the *Business Corporations Act* and who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company:

- (1) nominations of persons for election to the board may be made at any annual meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - (a) by or at the direction of the board, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with Division 7 of Part 5 of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with section 167 the *Business Corporations Act*; or
  - (c) by any person (a "Nominating Shareholder"):
    - (i) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Article 14.12 and at the close of business on the record date for notice of such meeting, is entered in the Company's securities register as a holder of one or more common shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
    - (ii) who complies with the notice procedures set forth below in this Article 14.12;
- (2) in addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely (in accordance with paragraph (3) below) notice thereof in proper written form (in accordance with paragraph (4) below) to the Secretary of the Company at the head office of the Company;
- (3) to be timely, a Nominating Shareholder's notice to the Secretary of the Company must be made:
  - (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement (as defined below) of the date of the special meeting of shareholders was made,

the time periods for giving a Nominating Shareholder notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of shareholders and, in no event shall any adjournment or postponement of a meeting of shareholders or the reconvening of any adjourned or postponed meeting of shareholders, or the announcement thereof, commence a new time period for the giving of a Nominating Shareholder's notice as described above;

- (4) to be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth:
- (a) the effective date of the information in the Nominating Shareholder's notice, which date shall be within 10 calendar days of the date of delivery of such notice to the Company;
  - (b) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
    - (i) the name, age, business address and residential address of the person;
    - (ii) the present principal occupation, business or employment of the person within the preceding five years, as well as the name and principal business of any company in which such employment is carried on;
    - (iii) the citizenship of such person;
    - (iv) the class or series and number of shares in the capital of the Company which are controlled or which directly or indirectly controlled or directed or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
    - (v) the amount and material terms of any other securities, including any options, warrants or convertible securities, in the capital of the Company, which are controlled or which are owned beneficially or of record by the person as of the record date of the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and also as of the date of such notice;
    - (vi) confirmation that the person meets the qualifications of directors set out in the *Business Corporations Act*;
    - (vii) a personal information form in the form prescribed by the principal stock exchange on which the shares of the Company then trade; and
    - (viii) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below);
  - (c) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be included in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below);
- (5) the Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that would reasonably be expected to be material to a reasonable shareholder's understanding of the independence and/or qualifications, or lack thereof, of such proposed nominee;
- (6) no person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of

shareholders of any matter that is properly before such meeting pursuant to the provisions of the *Business Corporations Act* or at the discretion of the Chairman; and the Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded;

- (7) for purposes of this Article 14.12:
- (a) “Applicable Securities Laws” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada; and
  - (b) “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
- (8) notwithstanding any other provision of these Articles, notice given to the Secretary of the Company pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the head office of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day, or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day; and
- (9) notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 14.12.

#### ***Shareholder Approval and the Exchange Acceptance***

At the Meeting, shareholders will be asked to pass the following ordinary resolution:

**“UPON MOTION DULY MADE, IT WAS RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. The Company create and adopt new Articles in substitution for and cancellation of the existing Articles.
2. Any director or officer of the Company is authorized to execute and file such documents and take such further action, including any filings with the Registrar of Companies, that may be necessary to effect the adoption of the New Articles.”

The New Articles shall have effect immediately on the date and time the New Articles are deposited for filing in the Company’s records office.

A copy of the proposed New Articles will be available for inspection at the Company's registered and records offices at Suite 400-1681 Chestnut Street, Vancouver, British Columbia V6J 4M6, and will also be available for viewing at the Meeting.

**The Board recommends that shareholders vote in favour of the adoption of the amended Articles. In the absence of any contrary directions, it is the intention of management to vote proxies in the accompanying form in favour of the foregoing ordinary resolutions.**

#### **ADDITIONAL INFORMATION**

The audited financial statements of the Company for the year ended June 30, 2021 and the related management discussion and analysis (the “**Financial Materials**”) were filed on SEDAR on October 28, 2021 at [www.sedar.com](http://www.sedar.com) and will be placed before the Meeting.

Shareholders may request copies of the Financial Materials without charge from the Corporate Secretary of the Company at 400 – 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6, telephone: (604) 737-2303; fax (604) 737-1140.

**OTHER MATTERS**

The Board is not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Circular.

**SCHEDULE "A"**  
AUSTRALIAN GOLDFIELDS LIMITED  
~~GRAPHITE ENERGY CORP.~~  
(the "Corporation")

**AUDIT COMMITTEE CHARTER**

**1. Mandate**

The Audit Committee will be responsible for managing, on behalf of shareholders of the Corporation, the relationship between the Corporation and the external auditors. In particular, the Audit Committee will have responsibility for the matters set out in this Charter, which include:

- (a) overseeing the work of external auditors engaged for the purpose of preparing or issuing an auditing report or related work;
- (b) recommending to the board of directors the nomination and compensation of the external auditors;
- (c) reviewing significant accounting and reporting issues;
- (d) reviewing the Corporation's financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information;
- (e) focusing on judgmental areas such as those involving valuations of assets and liabilities;
- (f) considering management's handling of proposed audit adjustments identified by external auditors;
- (g) being satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements of the Corporation;
- (h) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (i) evaluating whether management is setting the appropriate tone by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities.

**2. Membership of the Audit Committee**

Composition

The audit committee will be comprised of at least such number of directors as required to satisfy the audit committee composition requirements of National Instrument 52-110, as amended from time to time. Each member will be a director of the Corporation.

Independence

The Audit Committee will be comprised of a number of independent directors required to enable the Corporation to satisfy:

- (a) the independent director requirements for audit committee composition required by National Instrument 52-110, as amended from time to time, and
- (b) the independent director requirements of the applicable stock exchange, or such other stock exchange on which the Corporation's shares are traded from time to time.

### Chair

The Audit Committee shall select from its membership a chair. The job description of the chair is attached as Exhibit 1 hereto.

### Expertise of Audit Committee Members

Each member of the Audit Committee must be financially literate. Financially literate means the ability to read and understand a set of financial statements that represent a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

### Financial Expert

The Corporation will strive to include a financial expert on the Audit Committee. An Audit Committee financial expert means a person having: (i) an understanding of financial statements and accounting principles; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience in preparing, auditing, analyzing or evaluating financial statements that present a similar breadth and level of complexity as the Corporation's statements; (iv) an understanding of internal controls; and (v) an understanding of an Audit Committee's functions.

## **3. Meetings of the Audit Committee**

The Audit Committee must meet in accordance with a schedule established each year by the board of directors, and at other times as the Audit Committee may determine. A quorum for transaction of business in any meeting of the Audit Committee is a majority of members. At least twice a year, the Audit Committee must meet with the Corporation's chief financial officer and external auditors separately.

## **4. Responsibilities of the Audit Committee**

The Audit Committee will be responsible for managing, on behalf of the shareholders of the Corporation, the relationship between the Corporation and the external auditors. In particular, the Audit Committee has the following responsibilities:

### External Auditors

- (a) the Audit Committee must recommend to the board of directors:
  - (i) the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit or review services for the Corporation; and
  - (ii) the compensation of the external auditors;
- (b) the Audit Committee must be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- (c) with respect to non-audit services:
  - (i) the Audit Committee must pre-approve all non-audit services provided to the Corporation or its subsidiaries by its external auditors or the external auditors of the Corporation's subsidiaries, except for tax planning and transaction support services in an amount not to exceed \$15,000 for each service in a fiscal year; and

- (ii) the Audit Committee must pre-approve all non-audit services provided to the Corporation or its subsidiaries by its external auditors or the external auditors of the Corporation's subsidiaries, except *de minimis* non-audit services as defined in applicable law.
- (d) the Audit Committee must also:
  - (i) review the auditors' proposed audit scope and approach;
  - (ii) review the performance of the auditors; and
  - (iii) review and confirm the independence of the auditors by obtaining statements from the auditors on relationships between the auditors and the Corporation, including non-audit services, and discussing the relationships with the auditors;

#### Accounting Issues

- (e) the Audit Committee must:
  - (i) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and,
  - (ii) ask management and the external auditors about significant risks and exposures and plans to minimize such risks.

#### Financial Statements, MD&A and Press Releases

- (f) the Audit Committee must:
  - (i) review the Corporation's financial statements, MD&A and earnings press releases before the Corporation publicly discloses this information;
  - (ii) in reviewing the annual financial statements, determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles;
  - (iii) pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
  - (iv) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses, warranty, professional liability, litigation reserves and other commitments and contingencies;
  - (v) consider management's handling of proposed audit adjustments identified by the external auditors;
  - (vi) ensure that the external auditors communicate certain required matters to the committee;
  - (vii) be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure referred to in paragraph (f)(i) (above), and must periodically assess the adequacy of those procedures;
  - (viii) be briefed on how management develops and summarizes quarterly financial information, the extent to which the external auditors review quarterly financial information and whether that review is

performed on a pre- or post-issuance basis;

- (ix) meet with management, either telephonically or in person to review the interim financial statements;
- (x) to gain insight into the fairness of the interim statements and disclosures, the Audit Committee must obtain explanations from management on whether:
  - (a) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (b) changes in financial ratios and relationships in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;
  - (c) generally accepted accounting principles have been consistently applied;
  - (d) there are any actual or proposed changes in accounting or financial reporting practices;
  - (e) there are any significant or unusual events or transactions;
  - (f) the Corporation's financial and operating controls are functioning effectively;
  - (g) the Corporation has complied with the terms of loan agreements or security indentures; and
  - (h) the interim financial statements contain adequate and appropriate disclosures;

#### Compliance with Laws and Regulations

- (g) the Audit Committee must:
  - (i) periodically obtain updates from management regarding compliance;
  - (ii) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
  - (iii) review the findings of any examinations by regulatory agencies such as the Ontario Securities Commission; and
  - (iv) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements;

#### Employee Complaints

- (h) the Audit Committee must establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

#### Other Responsibilities

- (i) the Audit Committee must:



- (i) review and approve the Corporation's hiring policies of employees and former employees of the present and former external auditors of the Corporation;
- (ii) evaluate whether management is setting the appropriate tone by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (iv) focus on the extent to which internal and external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a systems breakdown;
- (v) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;
- (vi) periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Corporate Governance and Nominating Committee and the board for approval;
- (vii) review, and if deemed appropriate, approve expense reimbursement requests that are submitted by the chief executive officer or the chief financial officer to the Corporation for payment;
- (viii) assist the board to identify the principal risks of the Corporation's business and, with management, establish systems and procedures to ensure that these risks are monitored; and
- (ix) carry out other duties or responsibilities expressly delegated to the Audit Committee by the board.

**5. Authority of the Audit Committee**

The Audit Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Audit Committee; and
- (c) communicate directly with the internal and external auditors.

### **Exhibit 1 to Audit Committee Charter**

The responsibilities of the Audit Committee chair include, among other things:

- (a) managing the affairs of the Committee and monitoring its effectiveness;
- (b) managing the meetings of the Committee by ensuring meaningful agendas are prepared and guiding deliberations of the Committee so that appropriate decisions and recommendations are made; and
- (c) setting up agendas for meetings of the Committee and ensuring that all matters delegated to the Committee by the board are being dealt with at the Committee level during the course of the year.