



## MANAGEMENT INFORMATION CIRCULAR

as at November 4, 2022

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management **Happy Belly Food Group Inc.** (the “**Company**” or “**Happy Belly**”) for use at the annual general meeting (the “**Meeting**”) of its shareholders to be held on **Monday, December 19, 2022** 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 **Happy Belly Food Group Inc.** “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.

The **Meeting will be held in virtual-only format**, which will be conducted via Zoom. Registered Shareholders and validly appointed proxyholders may attend the Meeting at:

Link: <https://us06web.zoom.us/j/7202709618?pwd=WFNpa0J0ZHpPRzViQ3dMM3RRVUM1UT09>

Meeting ID: 720 270 9618

Passcode: 2021

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 at nominal cost. The Company will bear all costs of this solicitation.

### Notice-and-Access

The Company is sending out proxy-related materials to shareholders using the notice-and-access provisions under National Instrument 51-102 – Continuous Disclosure Obligations (“**NI 51-102**”) and NI 54-101 (together with NI 51-102, the “**Notice-and-Access Provisions**”). The Company anticipates that use of the Notice-and-Access Provisions will benefit the Company by reducing the postage and material costs associated with the printing and mailing of the proxy-related materials and will also reduce the environmental impact of such actions.

Shareholders will be provided with electronic access to the Notice, this Circular, the Company's management's discussion and analysis of the results of operations and financial condition of the Company for the year ended December 31, 2021 (the “**MD&A**”) and the audited consolidated financial statements of the Company and accompanying notes for the year ended December 31, 2021 (together with the MD&A, the “**MD&A and Financials**”) together with the auditor's report thereon on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com) and at [happybellyfg.com](http://happybellyfg.com).

Shareholders are reminded to review the Circular before voting. Shareholders will receive paper copies of a notice package (the “**Notice Package**”) via pre-paid mail containing a notice with information prescribed by the Notice-and-Access Provisions and a form of proxy (if you are a registered Shareholder) or a voting instruction form (if you are a non-registered Shareholder). The Company will not use procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when an issuer using Notice-and-Access Provisions sends a paper copy of the Circular to some securityholders with a Notice Package.

Shareholders with questions about notice-and-access can call the Company's transfer agent, Endeavor Trust Corporation ("Endeavor Trust" or the "Transfer Agent") toll-free at 1-888-787-0888 (Canada and the U.S. only) or direct at (604) 559-8880 (outside Canada and the U.S.). Shareholders may obtain paper copies of the Circular and the MD&A and Financials free of charge by calling 833.375.2682 at any time up until and including the date of the Meeting, including any adjournment or postponement thereof. Any Shareholder wishing to obtain a paper copy of the Meeting materials should submit their request no later than 10:00 a.m. (Vancouver time) on December 12, 2022 in order to receive paper copies of the Meeting materials in time to vote before the Meeting. Under the Notice-and-Access Provisions, Meeting materials will be available for viewing at [happybellyfg.com](http://happybellyfg.com) for one year from the date of posting

### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy are directors and/or officers of the Company (collectively, "Management's Nominees"). **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM, HER OR IT AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF MANAGEMENT'S NOMINEES NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.**

### **REGISTERED SHAREHOLDERS**

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a proxy may do so by:

- a) completing, dating and signing the enclosed form of proxy and returning it to Endeavor Trust, by fax (604) 559-8908, or by mail at #702-777 Hornby Street, Vancouver, BC, V6Z 1S4; or
- b) using the internet through the website of Endeavor Trust at [www.eproxy.ca](http://www.eproxy.ca). Registered shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the Control Number and the proxy access number.

**A proxy will not be valid unless the completed form of proxy is received by Endeavor Trust not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof. Proxies delivered after that time will not be accepted.**

### **INFORMATION FOR NON-REGISTERED SHAREHOLDERS**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the common shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their common shares in their own name (referred to herein as "Beneficial Shareholders") should note that only registered shareholders may vote at the Meeting.** 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 such shareholder's name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting common shares for the brokers' clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now

delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). 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. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of common shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.**

Beneficial Shareholders may fall into two categories - those who object to their identity being made known to the issuers of the securities which they own (“**Objecting Beneficial Owners**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**Non-Objecting Beneficial Owners**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their Non-Objecting Beneficial Owners from intermediaries. Pursuant to NI 54-101, issuers may obtain and use the Non-Objecting Beneficial Owners list in connection with any matters relating to the affairs of the issuer, including the distribution of proxy-related materials directly to Non-Objecting Beneficial Owners. The Company is sending meeting materials to Non-Objecting Beneficial Owners with the assistance of Broadridge (as defined herein). The Company does not intend to pay for intermediaries to deliver the meeting materials to Objecting Beneficial Owners. The Company’s Non-Objecting Beneficial Owners and Objecting Beneficial Owners can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. **Beneficial shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

## **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 registered 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 Endeavor Trust at #702-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 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 does not affect any matter on which a vote has been taken prior to the revocation.

## **VOTING OF PROXIES**

The common shares represented by a properly executed proxy in favour of persons proposed by management of the Company as proxyholders in the accompanying form of proxy will:

- a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be taken; and

- b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

**ON A POLL SUCH COMMON SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED BY THE SHAREHOLDER.** The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

#### **Notice to United States Shareholders**

The Company's common shares are not registered under Section 12 of the United States Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), and this solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Residents of the United States should be aware that applicable Canadian proxy solicitation rules differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of the Company's common shares by shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards in Canada, and reconciled to accounting principles generally accepted in the United States.

#### **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 4, 2022** 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 107,207,198 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 five (5). The Board proposes that the number of directors remain at five (5). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at five (5).

## 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.

<b>Name of Nominee; Current Position with the Company, Province and Country of Residence</b>	<b>Occupation, Business or Employment<sup>(1)</sup></b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
<b>Shawn Moniz<sup>(2)</sup></b> Ontario, Canada <i>CEO, Secretary and Director</i>	CEO of Happy Belly Food Group Inc.	June 9, 2017	8,591,677 <sup>(3)</sup>
<b>Marco Contardi<sup>(2)</sup></b> Ontario, Canada <i>Director</i>	Corporate Counsel, Grande Cheese Company.	April 4, 2018	Nil
<b>Alex Rechichi</b> Ontario, Canada <i>Chairman and Director</i>	President and CEO of The Crave it Group since October 2013.	June 21, 2021	550,000 <sup>(4)</sup>
<b>Mark Rechichi<sup>(2)</sup></b> Ontario, Canada <i>Director</i>	CFO of The Crave it Group.	June 21, 2021	500,000 <sup>(5)</sup>
<b>Kevin Cole</b> Ontario, Canada <i>Director</i>	President and CEO of STEM Animal Health.	June 21, 2021	529,000

- (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) Of these 8,591,677 common shares, 824,392 common shares are held directly by Mr. Moniz and 7,767,285 common shares are held by Fusionworx Investment Group Inc., a company owned and operated by Mr. Moniz.

- (4) Of these 550,000 common shares, 50,000 are held directly by Mr. Alex Rechichi and 500,000 common shares are held by 2085086 Ontario Inc., a company partially owned and operated by Mr. Alex Rechichi.
- (5) These 500,000 common shares are held by 2085086 Ontario Inc., a company partially owned and operated by Mr. Mark Rechichi.

### **CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

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.

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, Chartered Accountants ("DMCL"), of Suites 1500 and 1700, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1 will be nominated at the Meeting for appointment as auditor of the Company at a remuneration to be fixed by the Board. Dale Matheson Carr-Hilton Labonte, Chartered Accountants, were appointed the auditor of the Company on December 21, 2017.

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

NI 52-110 *Audit Committees* ("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 Charter is attached to the Company's management information circular dated July 22, 2021, and was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on August 6, 2021, and is specifically incorporated by reference into, and forms an integral part of, this Circular.

## **Composition of the Audit Committee**

The current members of the Audit Committee are Shawn Moniz (Chair), Marco Contardi and Mark Rechichi. All members of the Audit Committee are considered to be financially literate. Mr. Moniz is the CEO of the Company and, therefore, is not an independent member of the Audit Committee. Mr. Contardi and Mr. Rechichi are not executive officers of the Company and, therefore, are independent members 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:

### **Shawn Moniz**

Mr. Moniz has over 22 years of experience as a strategic marketing and brand strategist in the field of customer relationship management ("CRM"), where he was involved in brand positioning and loyalty focus, marketing automation, digital data strategy and omni-channel data driven marketing. Mr. Moniz has served as Vice President, CRM Strategic Solutions in his most recent occupation before founding Happy Belly. Where he delivered strategic CRM and growth solutions to numerous Fortune 500 companies with clients such as Air Canada, John Hancock, Yum! Brands (Taco Bell, Pizza Hut, KFC), Tim Hortons and Kraft US / Canada.

### **Marco Contardi**

Mr. Contardi is a graduate of Osgoode Hall Law School, and a member of the Ontario Bar Association and the Law Society of Upper Canada. Mr. Contardi is General Counsel of a vertically integrated corporation within the manufacturing and retail sectors and has extensive corporate/commercial transactional experience. Mr. Contardi possesses demonstrable acumen in dealing with concerns associated with production, processing, and marketing activities, especially within governmentally mandated regulatory frameworks. He also has extensive experience advising and managing the structuring and implementing of acquisitions, joint ventures, strategic relationships, and corporate and project financings. Mr. Contardi advises on a wide range of complex long-term supply and other commercial agreements and arrangements.

### **Mark Rechichi**

Mr. Rechichi is an entrepreneur who has co-founded and divested many iconic national and international food brands, including The Burger's Priest, Fresh Plant Powered, Mucho Burrito, The Extreme Pita and PurBlendz Smoothies. He, along with his partners in the Crave It Group, have been early investors in private companies using his financial and operational skills to assist in nurturing and growing businesses that bring people joy and prosperity. Mark is the CFO and Co-Founder of Crave It Group.

Mr. Rechichi holds a Bachelor of Commerce (Honours) degree from Queen's University and is a Chartered Professional Accountant (CPA), Chartered Accountant (CA), and a Chartered Financial Analyst (CFA). Early in his career he worked at Price Waterhouse and Merrill Lynch in Toronto, Ontario.

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, other than DMCL.

### 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 by DMCL for audit and non-audit services in the last two fiscal years:

<u>Nature of Services</u>	<u>Fees Paid to Auditor in Year Ended December 31, 2021</u>	<u>Fees Paid to Auditor in Financial Year Ended December 31, 2020</u>
Audit Fees <sup>(1)</sup>	\$127,613	\$40,000.00
Audit-Related Fees <sup>(2)</sup>	Nil	\$488.00
Tax Fees <sup>(3)</sup>	Nil	\$2,424.00
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total:</b>	<b><u>\$127,613</u></b>	<b><u>\$42,912.00</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 financial year ended December 31, 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 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 of the Company 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 non-independent member of the Board is Shawn Moniz, the CEO and Corporate Secretary of the Company. By virtue of holding the aforementioned officer positions, Mr. Moniz is deemed to have a material relationship with the Company, as defined in National Instrument 52-110 *Audit Committees*, and therefore, is not considered an independent member of the Board.

The independent members of the Board are Marco Contardi, Alex Rechichi, Mark Rechichi and Kevin Cole. Mr. Alex Rechichi is also the Company’s non-executive Chair of the Board.

### **Other Directorships**

#### **Shawn Moniz**

Mr. Moniz is a director of Roadman Investments Corp.

#### **Kevin Cole**

Mr. Cole is a director of Lumiera Health Inc.

### **Orientation and Continuing Education**

When new directors are appointed to the Board, 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, alongside the Corporate Governance and Compensation Committee (the "**Committee**"), recommends the number of directors on the Board to shareholders for approval, subject to compliance with the requirements of the Business Corporations Act (*British Columbia*) (the "**BCBCA**") and the Company's Articles of Incorporation.

Between annual meetings, the Board, alongside the Committee, may appoint directors to serve until the next annual meeting, subject to compliance with the requirements of the BCBCA.

Individual Board members are responsible for assisting the Board in identifying and recommending new nominees for election to the Board, as needed or appropriate.

## **Compensation**

The Board determines compensation for the directors and President, CEO, CFO, CIO and COO together with the Committee.

Several factors are used in determining management compensation, such as time allotted specifically to company related activities, experience in the type of management role, skills related to the business as well as application and implementation of said skills.

In determining the compensation for the Company's President, CEO, CFO, CIO and COO, the Committee assesses a wide range of professional skills related to both business operations and technical abilities which have included the history of the President, CEO, CFO, CIO or COO in acting in those capacities for other publicly traded companies and the length of tenure.

## **Other Board Committees**

In addition to the Audit Committee, the Board currently has a Corporate Governance and Compensation Committee.

The members of the Audit Committee are Shawn Moniz (Chair), Marco Contardi and Mark Rechichi.

The members of the Committee are Kevin Cole (Chair), Marco Contardi and Mark Rechichi.

## **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 December 31, 2021, the Company had three NEOs: Shawn Moniz, CEO and Corporate Secretary of the Company, Dean Callaway, CFO of the Company and Donna Reddy, President of the Company. Ms. Reddy resigned as President of the Company on March 31, 2022.

### **Compensation Discussion and Analysis**

The Board of the Company has appointed the Committee whose responsibility relates 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.

The Committee makes recommendations to the Board and the Board then assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company.

The members of the Committee are Kevin Cole (Chair), Marco Contardi and Mark Rechichi. All members of the Committee are considered independent.

The Committee is responsible for identifying executives, management, and operational talent.

The Committee possesses the technical understanding needed to determine the value of a candidate's skill set through applied practical analysis and cross-referenced compensation of closely matched executives in similar fields.

The compensation for executives includes four components: base consulting fees, bonus (if applicable), 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).

Please refer to the Company's Corporate Governance Disclosure Statement, filed on SEDAR on November 1, 2022, at [www.sedar.com](http://www.sedar.com), for additional details on how the Board and the Committee determines NEO compensation.

### **Philosophy and Objectives**

The Company's compensation policies and programs are designed to be competitive with similar 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 determining and approving the base salary for each NEO, the Board and the Committee take into consideration available market data.

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 NEO to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation has been accomplished through the Company's stock option plan. Options are granted to NEOs and consultants of the Company 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 in consultation with the Committee.

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**

The Board has adopted a 15% rolling stock option plan (the "**Option Plan**") which was adopted by the Board on July 26, 2021 and approved by the shareholders of the Company at the annual general and special meeting held on September 2, 2021.

The Option 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 (“Options”) grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All Option grants require approval of the Board.

The Option Plan provides that the maximum number of common shares that may be issued pursuant to Options awarded under the Option Plan together with all other security-based compensation arrangements of the Company shall not exceed 15% of the issued and outstanding Shares, at any given time.

The 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.

### Restricted Share Unit Awards

On August 14, 2020, the Board adopted a restricted share unit plan (the “RSU Plan”) which was approved by the Shareholders at the annual general and special meeting of the Company held on September 11, 2020.

The RSU Plan was designed to provide certain directors, officers, consultants and other key employees (an “Eligible Person”) of the Company and its related entities with the opportunity to acquire restricted share units (“RSUs”) of the Company. The acquisition of RSUs allows an Eligible Person to participate in the long-term success of the Company thus promoting the alignment of an Eligible Person’s interests with that of the Shareholders.

The RSU Plan allows the Company to grant RSUs awarding up to a maximum of 4,418,158 common shares.

The RSU Plan is a fixed plan and does not require annual shareholder approval at each Meeting.

A copy of the RSU Plan was filed on August 14, 2020 under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com)

### Summary Compensation Table

Name and Principal Positions	Year <sup>(1)</sup>	Salary (\$)	Share-based consideration (\$)	Non-equity incentive plan compensation <sup>(3)</sup> (\$)		Pension value <sup>(3)</sup> (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans <sup>(2)</sup>	Long-term incentive plans <sup>(2)</sup>			
<b>Shawn Moniz</b> <sup>(3)</sup> CEO and Secretary	2021	150,000	Nil	Nil	Nil	Nil	Nil	150,000
	2020	179,500 <sup>(6)</sup>	81,488	Nil	Nil	Nil	Nil	260,988
	2019	120,500	Nil	Nil	Nil	Nil	Nil	120,500
<b>Dean Callaway</b> <sup>(4)</sup> CFO	2021	150,000	143,225	Nil	Nil	Nil	Nil	293,225
	2020	34,000	677	Nil	Nil	Nil	Nil	34,677
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Donna Reddy</b> <sup>(5)</sup> President (resigned)	2021	133,000	Nil	Nil	Nil	Nil	Nil	133,000
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Financial year ended December 31.

(2) All amounts shown were paid in Canadian currency, the reporting currency of the Company.

(3) Mr. Moniz has served as CEO of the Company since September 12, 2017 and as Secretary since February 3, 2020.

(4) Mr. Callaway has served as CFO of the Company since February 3, 2020.

(5) Ms. Reddy served as President of the Company from February 4, 2021 to March 31, 2022.

(6) Of the \$179,500 paid to Mr. Moniz, \$94,913 represents Mr. Moniz’s salary and \$84,587 represents fees earned in 2020 but paid in 2021.

### Long-Term Incentive Plan Awards

Long term incentive plan awards (“LTIP”) means “a plan providing compensation intended to motivate performance over a period greater than one financial year”. LTIP awards do not include option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale. No LTIP awards were made to the NEOs during the most recently completed financial year.

### Outstanding Option-based Awards

The Company has a formal stock option plan. During the financial year ended December 31, 2021 the following Options were outstanding to the NEOs:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(1)</sup> (\$)
Shawn Moniz	Nil	N/A	N/A	Nil
Dean Callaway	800,000	0.255	May 10, 2023	Nil
Donna Reddy	Nil	N/A	N/A	Nil

### Aggregated Options – Value Vested or Earned during the Most Recently Completed Financial Year

The following table sets forth details of the value of option-based awards that vested or were earned during the most recently completed financial year ended December 31, 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 (\$)
Shawn Moniz	Nil	Nil	Nil
Dean Callaway	Nil	143,225	Nil
Donna Reddy	Nil	Nil	Nil

### PENSION PLAN BENEFITS

The Company does not have any non-cash compensation plans, long-term incentive plans, pension or retirement plans for its officers or directors and it did not pay or distribute any non-cash compensation during the financial year ended December 31, 2021.

### TERMINATION AND CHANGE OF CONTROL BENEFITS

#### Termination and Change of Control Benefits

On January 1, 2021, the Company entered into an amendment to the consulting agreement (the “**Chinchero Agreement**”) dated January 1, 2020, entered into with Chinchero Inc., a company owned and operated by Dean Callaway, CFO of the Company. Pursuant to the Chinchero Agreement, Mr. Callaway shall be entitled to a sum equal to nine months, among other material events, a Change of Control of the Company.

On July 1, 2019, the Company entered into a consulting agreement (the “**Moniz Agreement**”) with Shawn Moniz, the CEO of the Company. Pursuant to the Moniz Agreement, in the event of a Change of Control, Mr. Moniz shall be entitled to accrued compensation, severance pay equal to 24 months of Mr. Moniz’s salary, plus an additional \$250,000 in termination fees and a bonus payment.

“**Change of Control**” means the happening of any of the following events:

- any transaction pursuant to which the Company goes out of existence;
- any transaction pursuant to which any Person or any Associate Affiliate of such Person and any Person acting jointly or in concert with such Person (within the meaning of the Securities Act (British Columbia)) (other than the Company or a subsidiary of the Company), hereafter acquires the direct or indirect “beneficial ownership” (as such term is defined in the BCBCA of securities of the Company representing 50% or more of the aggregate votes of all of the Company’s then issued and outstanding securities;
- the sale of all or substantially all of the Company’s assets to a Person other than a Person that is an Affiliated entity;
- the dissolution or liquidation of the Company except in connection with the distribution of assets of the Company to one or more Persons which were Affiliated entities prior to such event; or
- the occurrence of a transaction requiring approval of the Company’s shareholders involving the acquisition of the Company by an entity through purchase of assets, by amalgamation, reverse takeover or otherwise.

## DIRECTOR COMPENSATION

### Director Compensation Table

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 Options.

### Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.

The Company has a Plan for the granting of incentive Options to the directors, officers, employees and consultants. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors, officers, employees and consultants and to closely align the personal interests of such persons to that of the shareholders.

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

During the financial year ended December 31, 2021, the directors who were not NEOs received the following compensation for services provided to the Company:

Name	Fees earned (\$)	Share-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Marco Contardi <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Alex Rechichi <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Mark Rechichi <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Kevin Cole <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Contardi has served as a director of the Company since April 4, 2018.

(2) Mr. Alex Rechichi has served as a director of the Company since June 21, 2021.

(3) Mr. Alex Rechichi has served as a director of the Company since June 21, 2021.

(4) Mr. Cole has served as a director of the Company since June 21, 2021.

On June 1, 2021, the Company entered into a strategic advisory agreement with 2085086 Ontario Inc. (the “**Advisors**”) represented by Sean Black, Mark Rechichi and Alex Rechichi to assist with the private placement and to arrange for Alex Rechichi, Mark Rechichi and Kevin Cole to join the board of directors of the Company. In consideration for the assistance with the private placement and the arrangement of strategic appointments to the Board, the Company agreed to issue an aggregate of 27,000,000 (2 million to an unrelated company) non-transferrable share purchase warrants (“**Advisory Warrants**”) to the Advisors. Each Advisory Warrant entitles the holder to acquire one share at a price of \$0.20 for a period of five years from their date of issue and vest upon the occurrence of the vesting triggers noted below:

Number of Advisory Warrants Vested	Vesting Trigger
5,200,000	Closing of the June 2021 private placement
2,700,000	\$0.50 <sup>(1)</sup>
2,750,000	\$0.75 <sup>(1)</sup>
5,400,000	\$1.00 <sup>(1)</sup>
5,450,000	\$1.50 <sup>(1)</sup>
5,500,000	\$2.00 <sup>(1)</sup>

**Note:** (1) Closing price of the common shares on the Canadian Securities Exchange (or any other stock exchange that the common shares may trade) required to trigger vesting of Advisory Warrants.

Share based consideration, as calculated with a Black and Scholes model, equates to the equivalent of \$734,736.63 for each of Alex Rechichi, Mark Rechichi, Sean Black and Kevin Cole.

### 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 December 31, 2021, including awards granted before the most recently completed financial year.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Marco Contardi	200,000	0.78	January 19, 2023	Nil
Alex Rechichi	Nil	N/A	N/A	Nil
Mark Rechichi	Nil	N/A	N/A	Nil
Kevin Cole	Nil	N/A	N/A	Nil

### Aggregated Options – Value Vested or Earned during the Most Recently Completed Financial 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 December 31, 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 (\$)
Marco Contardi	Nil	Nil	Nil
Alex Rechichi	Nil	Nil	Nil
Mark Rechichi	Nil	Nil	Nil
Kevin Cole	Nil	Nil	Nil

### Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.

As disclosed elsewhere in this Circular, the Company has a stock option plan for the granting of options to its officers, employees, directors and consultants. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out equity compensation plan information as at the year ended December 31, 2021:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	9,870,000	0.27	5,753,613
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total:</b>	<b>9,870,000</b>	<b>N/A</b>	<b>5,753,613</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.

## **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-Approval of Stock Option Plan**

As at the date of this Circular, the Company's incentive plans are the Option Plan, which was adopted by the Board on July 26, 2021 and the RSU Plan, which was adopted by the Board on August 14, 2020.

As a 15% rolling plan the aggregate number of common shares issuable as Options ("**Options**") under the Option Plan may be up to 15% of the Company's issued and outstanding common shares on the date on which an option is granted, less common shares reserved for issuance on exercise of Options then outstanding under the Option Plan. The purpose of the Option Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of common shares of the Company. The Option Plan is administered by the Board and Options are granted at the discretion of the Board to eligible optionees (an "**Optionee**").

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

- The number of common shares to be reserved and authorized for issuance pursuant to options granted under the Option Plan shall not exceed 15% of the total number of issued and outstanding shares in the Company.
- Under the Option Plan, the aggregate number of optioned Common shares granted to any one optionee in a 12- month period must not exceed 5% of the Company'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 Company'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 Company's issued and outstanding Common shares in any 12-month period.
- The exercise price for options granted under the Option Plan will not be less than the market price of the Company's Common shares at the time of the grant, less applicable discounts permitted by the policies of the stock exchange on which the Common shares are listed and posted for trading or a quotation system for a published market upon which the price of the Common shares is quoted as may be selected for such purpose by the Board.
- 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 Company.



- Options granted under the Option Plan are non-assignable, except by will or by the laws of descent and distribution.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the Option Plan may be made by the Board without further shareholder approval.

### **Shareholder Approval**

At the Meeting, the Company's shareholders will be asked to consider and vote on the ordinary resolution to re-approve the Option Plan, with or without variation, as follows:

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

1. The Stock Option Plan (the “**Plan**”) as more particularly described in the information circular of the Company dated November 4, 2022, be ratified and approved.
2. To the extent permitted by law, the Company be authorized to abandon all or any part of the Option Plan if the board of directors 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.”

**The Board recommends that shareholders vote in favour of the Option Plan. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing ordinary resolution.**

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

A copy of the Option Plan 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.

### **ADDITIONAL INFORMATION**

Financial information is provided in the audited financial statements of the Company for the fiscal year ended December 31, 2021 and in the related management discussion and analysis (together, the “**Financial Statements**”). The Financial Statements were filed on SEDAR on May 2, 2022, at [www.sedar.com](http://www.sedar.com) and will be placed before the Meeting.

Additional information relating to the Company and a copy of the Financial Statements may be obtained at [www.sedar.com](http://www.sedar.com), and upon request from the Company at Suite 400 – 1681 Chestnut Street, Vancouver, BC, V6J 4M6, telephone: (604) 737-2303 or fax: (604) 737-1140. Copies of the above documents will be provided, upon request, free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

### **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.