



# **Golden Birch Resources**

## **GOLDEN BIRCH RESOURCES INC.**

### **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS & MANAGEMENT INFORMATION CIRCULAR**

June 30, 2020 at 9:00 a.m. (Toronto time)

Offices of Peterson McVicar LLP  
18 King St. E., Toronto, ON M5C 1C4

# GOLDEN BIRCH RESOURCES INC.

Offices of Peterson McVicar LLP  
18 King St. E., Toronto, ON M5C 1C4

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of Class A common shares (“**Common Shares**”) of Golden Birch Resources Inc. (the “**Corporation**”) will be held at the offices of Peterson McVicar LLP located at 18 King St. E., Toronto, ON M5C 1C4 on June 30, 2020, at 9:00 a.m. (Toronto time) for the following purposes, all as more particularly described in the enclosed management information circular (the “**Circular**”):

- (a) to receive the Corporation’s financial statements for the year ended December 31, 2019 and the report of the auditors thereon;
- (b) to elect the directors of the Corporation for the ensuing year;
- (c) to appoint the auditors and to authorize the directors to fix their remuneration;
- (d) to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve, for the ensuing year, the Corporation’s incentive stock option plan; and
- (e) to transact such further and other business as may be properly brought before the Meeting or any adjournment or postponement thereof.

The board of directors (the “**Board**”) has fixed May 29, 2020 as the record date (the “**Record Date**”) for determining the Shareholders who are entitled to receive notice of and vote at the Meeting. Only Shareholders whose names have been entered in the registers of the Corporation as at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting.

**In an effort to mitigate the risks associated with COVID-19, and to preserve the health and safety of our communities, shareholders, employees and other stakeholders, we are inviting Shareholders to participate in the Meeting by dialling in to our conference line at: (+1) (800) 747-5150 (Toronto) or (+1) (800) 747-5150 (North America – Toll Free), followed by the Conference ID 3840022. Participants should dial in at least ten (10) minutes prior to the scheduled start time and ask to join the call. Shareholders will have an equal opportunity to participate at the Meeting through this method regardless of their geographic location; however, Shareholders who do not complete and deliver a form of proxy or voting instruction form, as applicable, will be unable to vote over the conference line. We encourage Shareholders to not attend the meeting in person due to risks related to COVID-19. We will also take additional precautionary measures in relation to the physical Meeting, limiting access to essential personnel, registered Shareholders and proxy holders entitled to attend and vote at the Meeting. We highly recommend Shareholders vote their Common Shares prior to the meeting in accordance with the instructions set out in this Circular. Shareholders should note that the only way to vote is by completing and delivering a form of proxy or voting instruction form, as applicable, or attending the meeting in person in the case of registered voters or sending a proxy to attend the meeting in the case of all other shareholders.**

### Voting

**All Shareholders may attend the Meeting in or person or be represented by proxy. Shareholders who do not plan on attending the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it in the envelope provided.** To be effective, the enclosed form of proxy or voting instruction form must be deposited with Capital Transfer Agency, ULC by mail delivery at 390 Bay Street, Suite 920, Toronto, Ontario M5H 2Y2, or by facsimile at (416) 350-5008 or by email at info@capitaltransferagency.com. In order to be valid and acted upon at the Meeting, the duly-completed form of proxy must be received prior to 9:00 a.m. (Toronto time) on June 26, 2020 (the “**Proxy Deadline**”), or be deposited with the Secretary of the Corporation before the commencement of the Meeting or of

any adjournment thereof. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline.

A “beneficial” or “non-registered” Shareholder will not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his/her/its broker; however, a beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Only Shareholders as of the Record Date are entitled to receive notice of and vote at the Meeting.

If you are a non-registered holder of Common Shares and have received these materials through your broker, custodian, nominee or other intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker, custodian, nominee or other intermediary in accordance with the instructions provided therein.

**Shareholders are reminded to review the Circular before voting.**

**DATED** this 29<sup>th</sup> day of May, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “*Iain Martin*”

Iain Martin, Secretary and Director

**GOLDEN BIRCH RESOURCES INC.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES BY MANAGEMENT**

This management information circular (this “**Circular**”) is furnished in connection with the solicitation by the management of Golden Birch Resources Inc. (the “**Corporation**”) of proxies to be used at the annual general meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares of the Corporation (“**Common Shares**”) to be held at the time and place and for the purposes set out in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail; however, officers and employees of the Corporation may also solicit proxies by telephone, e-mail or in person. These persons will receive no compensation for such solicitation, other than their ordinary salaries or fees. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to the beneficial owners of the Common Shares. See “**APPOINTMENT AND REVOCATION OF PROXIES – Notice to Beneficial Holders of Common Shares**” below. The Corporation will provide, without cost to such person, upon request to the Secretary of the Corporation, additional copies of the foregoing documents for this purpose.

**GENERAL INFORMATION RESPECTING THE MEETING**

No person has been authorized to give any information or make any representations in connection with the matters being considered herein other than those contained in this Circular and, if given or made, any such information or representations should be considered not to have been authorized by the Corporation. This Circular does not constitute the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

**In light of the global pandemic caused by COVID-19, the Corporation is inviting Shareholders to participate in the Meeting by dialling in to our conference line at: (+1) (800) 747-5150 (Toronto) or (+1) (800) 747-5150 (North America – Toll Free), followed by the Conference ID 3840022. Participants should dial in at least ten (10) minutes prior to the scheduled start time and ask to join the call. Shareholders will have an equal opportunity to participate at the Meeting through this method regardless of their geographic location; however, Shareholders who do not complete and deliver a form of proxy or voting instruction form, as applicable, will be unable to vote over the conference line. We encourage Shareholders to not attend the meeting in person due to risks related to COVID-19. We highly recommend Shareholders vote their Common Shares prior to the meeting in accordance with the instructions set out in this Circular. Shareholders should note that the only way to vote is by completing and delivering a form of proxy or voting instruction form, as applicable, or attending the meeting in person in the case of registered voters or sending a proxy to attend the meeting in the case of all other shareholders.**

References in this Circular to the Meeting include any adjournment(s) or postponement(s) thereof.

In this Circular, unless otherwise indicated, all dollar amounts (“\$” or “CAD\$”) are expressed in Canadian dollars and references to “USD\$” or “US” are to United States dollars.

Except where otherwise indicated, the information contained herein is stated as of May 29<sup>th</sup>, 2020.

Electronic copies of this Circular, financial statements of the Corporation for the year ended December 31, 2019 (the “**Financial Statements**”) and management discussion and analysis for 2019 (the “**MD&A**”) may be found on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

**Shareholders are reminded to review this Circular before voting.**

Shareholders may also obtain paper copies of the Financial Statements and the MD&A free of charge by contacting Capital Transfer Agency, ULC at the same toll-free number or upon request to the Secretary of the Corporation.

## APPOINTMENT AND REVOCATION OF PROXIES

### Appointment of Proxy

A Shareholder who does not plan on attending the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Capital Transfer Agency, ULC: (i) by mail delivery to 390 Bay Street, Suite 920, Toronto, Ontario M5H 2Y2; (ii) by facsimile at (416) 350-5008; or (iii) by email at info@capitaltransferagency.com. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 9:00 a.m. (Toronto time) on June 26, 2020 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at his discretion, without notice.

If you are a non-registered holder of Common Shares and have received these materials through your broker, custodian, nominee or other intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker, custodian, nominee or other intermediary in accordance with the instructions provided therein.

The document appointing a proxy must be in writing and executed by the Shareholder or his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**A Shareholder submitting a form of proxy has the right to appoint a person (who need not be a Shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the Shareholder's appointee should be legibly printed in the blank space provided. In addition, the Shareholder should notify the appointee of the appointment, obtain his or her consent to act as appointee and instruct the appointee on how the Shareholder's Common Shares are to be voted.**

Shareholders who are not registered shareholders of the Corporation should refer to "*Notice to Beneficial Holders of Common Shares*" below.

### Revocation of Proxy

A Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy personally attends the Meeting at which that proxy is to be voted, that person may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or his attorney or authorized agent and deposited with Capital Transfer Agency, ULC at any time up to 5:00 p.m. (Toronto time) on June 26, 2020: (i) by mail delivery to 390 Bay Street, Suite 920, Toronto, Ontario M5H 2Y2; (ii) by facsimile to (416) 350-5008 ; or (iii) by email at info@capitaltransferagency.com, or deposited with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon either of those deposits, the proxy will be revoked.

### Notice to Beneficial Holders of Common Shares

The information set out in this section is of importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to herein as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. 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 in the records of the Corporation. Those Common Shares will most likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined herein), the Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders under applicable securities regulations for purposes of dissemination to Beneficial Shareholders of proxy-related materials and other security holder materials and requests for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Canadian securities laws restrict the use of that information to matters strictly relating to the affairs of the Corporation. Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the proxy-related materials for use in connection with the Meeting (the “**Meeting Materials**”) indirectly to NOBOs and indirectly to OBOs. NI 54-101 allows the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and to use such NOBO list for the purpose of distributing the proxy materials directly to, and seek voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. The Corporation does not intend to pay for intermediaries to deliver the Meeting Materials to the OBOs.

Applicable securities regulations require intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings on Form 54-101F7. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically mails a voting instruction form in lieu of a form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge’s dedicated voting website to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Corporation’s transfer agent and registrar, which will tabulate the results and provide appropriate instructions respecting the voting of Common Shares to be represented at the Meeting or any adjournment thereof.

All references to Shareholders in this Circular, instrument of proxy and Notice of Meeting are to registered shareholders of the Corporation unless specifically stated otherwise.

### **Voting**

Common Shares represented by any properly executed proxy in the accompanying form will be voted for or against, or withheld from voting, as the case may be, on any ballot that may be called for in accordance with the instructions given by the Shareholder. **In the absence of such direction, such Common Shares will be voted in favour of the matters set out herein.**

**The accompanying form of proxy confers discretionary authority on the persons named in it with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.** As of the date hereof, management of the Corporation is not aware of any such amendments, variations or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of management of the Corporation.

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

No person who has been a director or an executive officer of the Corporation at any time since the beginning of its last completed financial year, no proposed nominee for election as a director of the Corporation nor any associate of any such

director, director nominee or officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Circular.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Corporation consists of an unlimited number of Class A common shares (“**Common Shares**”) without par value and an unlimited number of Class B non-voting shares (“**Class B Shares**”) without par value. As at the date hereof, there are 81,296,746 Common Shares issued and outstanding and nil Class B Shares outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

The Corporation has fixed the close of business on May 29, 2020 (the “**Record Date**”) as the record date. Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof. Persons registered on the books of the Corporation at the close of business on the Record Date and persons who are transferees of any Common Shares acquired after such Record Date and who have produced properly endorsed certificates evidencing such Common Shares or who otherwise establish ownership thereof and demand, not later than ten (10) days before the Meeting, that their names be included in the list of Shareholders, are entitled to vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, as at the date of this Circular, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the Common Shares, other than as set out below:

Name of Shareholder	Number of Common Shares <sup>(1),(2)</sup>	Percentage of Common Shares <sup>(1),(2)</sup>
Alan Martin <sup>(3)</sup>	8,737,451	10.75%

Notes:

- (1) On a non-diluted basis.
- (2) The information as to Common Shares beneficially owned, controlled, or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the Shareholder listed above.
- (3) Mr. A. Martin also holds 2,875,000 Options.

## PARTICULARS OF MATTERS TO BE ACTED UPON

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

### 1. Receipt of Financial Statements

The financial statements of the Corporation for the fiscal year ended December 31, 2019 and the report of the auditors thereon, will be submitted to the Meeting. Receipt at the Meeting of the auditor’s report and the Corporation’s audited financial statements for the fiscal year ended December 31, 2019 will not constitute approval or disapproval of any matters referred to therein.

### 2. Election of Directors

The Corporation’s articles provide that the Board will consist of a minimum of one (1) and a maximum of ten (10) directors. The Board currently consists of five (5) directors. At the Meeting, the Shareholders will be asked to consider, and, if thought fit, approve with or without variation a resolution electing the five (5) persons named in the section “Nominees” below, namely Iain Martin, Alan Martin, David Drinkwater, David Lindley, and Andrew Morris, all of whom are incumbent directors and will be proposed for re-election as directors of the Corporation.

It is intended that each of the directors will hold office until the next annual meeting of Shareholders or until his or her successor is elected or appointed, unless such office is earlier vacated in accordance with the provisions of the *Canada Business Corporations Act* (the “**CBCA**”). In order to be effective, this resolution requires the approval of not less than 50% of the votes cast by Shareholders represented at the Meeting in person or by proxy.

Shareholders have the option to (i) vote for all of the directors of the Corporation listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. **Unless otherwise instructed, proxies**

**and voting instructions given pursuant to this solicitation by the management of the Corporation will be voted FOR the election of each of the proposed nominees set forth in the table below.**

Management has no reason to believe that any of the nominees will be unable to serve as a director; however, if any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy will be voted in favour of the remaining nominees, and may be voted in favour of a substitute nominee unless the Shareholder has specified in the proxy that the Common Shares represented thereby are to be withheld from voting in respect of the election of directors.

**Nominees**

The following table states the name of each person nominated by management for election as directors, such person's principal occupation or employment, period of service as a director of the Corporation, and the approximate number of voting securities of the Corporation that such person beneficially owns, or over which such person exercises direction or control:

<b>Name, and Province and Country of Residence</b>	<b>Principal Occupation During the Last Five Years<sup>(1)</sup></b>	<b>Director Since</b>	<b>Common Shares Owned or Controlled<sup>(1)(3)</sup></b>
Alan Martin <sup>(3)</sup> <i>Northbridge, NSW, Australia</i>	Director and President of Golden Birch (2017 to present); CEO and Managing Officer of Sol Gold (LSE & TSX:SOLG) (May 2013-May 2015)	October 4, 2017	8,737,451 (10.75%)
Iain Martin <sup>(2),(4)</sup> <i>Timmins, ON, Canada</i>	Director and Secretary of Golden Birch (2017 to present); President and Director of 5SD Capital (2016-2018); Investment Advisor RBC Wealth Management (1998-2016)	October 4, 2017	4,392,068 (5.40%)
Andrew Morris <sup>(2),(5)</sup> <i>Hamilton, QLD, Australia</i>	Senior Advisor to Australian Trade & Investment Commission (2017 to present); Director of Papuan Minerals Pty Ltd (2012 to present); Regional CEO of Applus + Group (Brisbane) (2014-2016)	July 30, 2019	3,573,600 <sup>(8)</sup> (4.40%)
David Lindley <sup>(6)</sup> <i>Marchmont, NSW, Australia</i>	Director of Papuan Minerals Pty Ltd, Consulting Geologist for Mayur Resources Ltd, Papuan Mineral Ltd and Woodlark Mining Ltd (July 2015 to present); B17F Flying Fortress <i>San Antonio Rose</i> - Walker Research Group member (2005-present)	July 30, 2019	3,573,600 <sup>(8)</sup> (4.40%)
David Drinkwater <sup>(2),(7)</sup> <i>Victoria, BC, Canada</i>	Board of Directors of TransAlta Renewables Inc. (TSE:RNW) (2013-present); Senior Advisor to Rothschild Canada (July 2013-December 2015)	July 30, 2019	400,000 (0.49%)

**Notes:**

- (1) Information about principal occupation, business or employment, not being within the knowledge of the Corporation, has been furnished by respective persons set forth above. The information with respect to the Common Shares beneficially owned, controlled or directed is not within the direct knowledge of the Corporation and has been obtained from SEDI or furnished by the respective individuals.
- (2) Member of the Audit Committee.
- (3) Mr. A. Martin also holds 2,875,000 options ("Options") to purchase Common Shares.
- (4) Mr. I Martin also holds 2,204,995 Options.
- (5) Mr. Morris also holds 100,000 Options.
- (6) Mr. Lindley also holds 100,000 Options.
- (7) Mr. Drinkwater also holds 725,000 Options.
- (8) Each of Messrs. Morris and Lindley exercises control of the 3,573,600 Common Shares issued to Papuan Minerals Pty Ltd. in connection with the acquisition of the option to acquire up to an eight-five percent undivided interest in the Keveri Project located in Papua New Guinea.

***Alan Martin, President, Chief Executive Officer and Director***

Mr. Alan Martin is a founder of Golden Birch Resources Inc. and has been serving as Director and President of the Corporation since its inception on October 4, 2017. Prior thereto, Mr. Martin was CEO and Managing Officer of Sol Gold PLC, an Australian mining exploration company listed on the London Stock Exchange and Toronto Stock Exchange. Mr. Martin has served a variety of leadership, technical, strategy, marketing and business development roles. He has eighteen years of experience as a mining analyst/portfolio manager at Colonial First State Investment Management (2008-2013),



Insurance Australia Group (1996-2008) and Westpac Banking Corp. (1992-1996). He also worked as an exploration geologist for Delta Gold N.L. from 1985 to 1992. Mr. Martin holds a diploma in Applied Finance and Investment Analysis from Securities Institute of Australia and he holds an Honor Bachelor's degree in Geology from Lakehead University.

***Iain Martin, Chief Administrative Officer, Secretary and Director***

Mr. Iain Martin is a founder of Golden Birch Resources Inc. and has been serving as Director and Secretary of the Corporation since its inception on October 4, 2017. From 2016 to 2018, Mr. Martin was Director and President of 2522962 Ontario Inc. ("**SSD Capital**"), a private Ontario mining exploration company. Pelangio Exploration Inc. (TSX-V: PX) acquired SSD Capital in December 2018. Prior thereto, Mr. Martin worked 28 years in the financial investment industry as Investment Advisor with RBC Wealth Management and as Portfolio Manager with Royal Trustco (Investment and Estate Department). Mr. Martin holds a Master's and Bachelor's Degree in Mining Engineering from Queen's University.

***Andrew Morris, Director***

Mr. Morris is a Senior Advisor to the Australian Trade & Investment Commission, and is based in Brisbane, Australia. As a Senior Advisor, Mr. Morris assists foreign and domestic companies with trade and investment opportunities across Australia's resources and energy sectors. Mr. Morris also serves on the Board of Directors of Papuan Minerals Pty Ltd., a private mining exploration company based in Brisbane, Australia. In the past, Mr. Morris served as Regional CEO of Applus Velosi (Oceania Region), a Spanish listed multinational professional and technical services company. His responsibilities included oversight of finance and administrative functions, strategic advice on critical developments and emerging risks and opportunities within the international resources sectors, and collaborating with senior executive management to develop and implement corporate, financial and operational strategies across all regional operations. Mr. Morris holds bachelor's degrees from the Australian National University in Economics, Commerce and Law (honours), and a Master degree in Strategic Studies. Mr. Morris has also completed an MBA at the University of Queensland.

***Dr. David Lindley, Director***

Dr. Lindley is a geologist with over 41 years of experience. Since 1978, Dr. Lindley has worked on and assessed resources opportunities in Papua New Guinea. Mr. Lindley has a long-established network at all levels in the Papua New Guinea exploration industry and a wealth of experience in small-medium sized resource project feasibility and permitting in Papua New Guinea. He was conferred Ph.D. in geology by the University of New South Wales in 1982. Dr. Lindley's geological work in the Keveri-Mt Suckling project spans a 31 year period since 1988 for various companies (Annapurna, Highlands Gold, Papuan Precious Metals, Suckling Minerals) and in his own right, self-funding work. Papuan Precious Metals was founded by Dr. Lindley to primarily progress the area. In a unique gesture, B'au landowners have recently "given" Dr. Lindley a small parcel of customary land in the Ada'u River Valley in recognition of his persistence in working towards bringing development to the area. Presently, Dr. Lindley is a director of Papuan Minerals Pty Ltd. and he serves on the Advisory Board, and is a consulting geologist for Mayur Resources Ltd., an exploration company based in Brisbane, Australia that is listed on the Australian Stock Exchange (ASX:MRL). From October 2003 to June 2006, Dr. Lindley served as Vice President Exploration of New Guinea Gold Corporation (TSX-V: NGG). He was also the founder of Papuan Precious Metals Ltd. and Papuan Precious Metals Corp (TSX-V: PAU), and was the President and CEO for these companies up to September 2010, and a Director from April 2007 to July 2012.

***David Drinkwater, Chairman***

Mr. Drinkwater has served on the Board of Directors of TransAlta Renewables Inc. (TSE:RNW) since 2013. Previously, Mr. Drinkwater was a Senior Advisor to Rothschild Canada until December 31, 2015. Prior to that, Mr. Drinkwater was the Chairman of Rothschild Canada from April 15, 2009 to July 1, 2013. Prior thereto, Mr. Drinkwater was the Chief Legal Officer of Nortel Networks Corporation from December 19, 2005 to December 31, 2008 and Senior Advisor from then to March 31, 2009. From May 2007 to November 2007, he was also Acting Chief Financial Officer of Nortel Networks Corporation. From August 2004 to December 2005, he acted as an independent consultant and corporate director. From April 2003 to July 2004, Mr. Drinkwater served as Executive Vice President and Chief Financial Officer at Ontario Power Generation Inc. From December 1998 to March 2003, Mr. Drinkwater was Executive Vice President, Corporate Development and Legal Affairs at Ontario Power Generation. Mr. Drinkwater holds a Master of Laws from the London School of Economics, a Bachelor of Laws from Dalhousie University and a Bachelor of Arts in Business Administration from the Richard Ivey School of Business at the University of Western Ontario.

### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of the Corporation, no proposed director of the Corporation is, as at the date of this Circular, or within the ten (10) years prior to the date of this Circular has been, a director, chief executive officer or chief financial officer, of any company (including the Corporation) that:

- (a) while that person was acting in that capacity was subject to:
  - (i) a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), or
  - (ii) an order similar to a cease trade order, or
  - (iii) an order that denied the relevant company access to any exemption under securities legislation,that was in effect for a period of more than thirty (30) consecutive days (an “**Order**”); or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Corporation, no proposed director of the Corporation (or any personal holding company of any such individual) is, or within the ten (10) years prior to the date of this Circular has:

- (a) been a director or executive officer of any corporation 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 manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets such individual.

To the knowledge of the Corporation, no proposed director of the Corporation (or any personal holding company of any such individual) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **3. Appointment of Auditors**

McGovern Hurley LLP, Chartered Professional Accountants (“**McGovern Hurley**”) are the independent registered certified auditors of the Corporation. McGovern Hurley was first appointed as auditor of the Corporation on January 25, 2019. Management of the Corporation intends to nominate McGovern Hurley for re-appointment as auditors of the Corporation.

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution to re-appoint McGovern Hurley to serve as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the directors of the Corporation to fix their remuneration as such. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

**Unless the Shareholder has specifically instructed that his or her Common Shares are to be withheld from voting in connection with the appointment of McGovern Hurley, the persons named in the accompanying proxy intend to vote FOR the re-appointment of McGovern Hurley as the auditors of the Corporation to hold office until the next**

**annual meeting of Shareholders or until a successor is appointed, and to authorize the Board to fix their remuneration.**

#### **4. Stock Option Plan Approval**

Shareholders will be asked at the Meeting to vote on a resolution to reapprove the stock option plan maintained by the Corporation (the “SOP”).

The SOP provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. The SOP provides for a floating maximum limit of 10% of the outstanding Common Shares as permitted by the policies of the Canadian Securities Exchange. As at the date hereof, this represents 8,129,674 Common Shares available under the SOP.

Outstanding Options to purchase a total of 7,374,995 Common Shares have been issued to directors, officers, employees and consultants of the Corporation and remain outstanding. As at the date hereof, the number of Common Shares remaining available for issuance under the SOP is 754,679. For a brief description of the SOP, please see: “*STATEMENT OF EXECUTIVE COMPENSATION – Stock Option Plan*”. The full text of the SOP is provided here as Appendix A.

Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution approving the Plan (the “**Stock Option Plan Resolution**”), which, to be effective, must be passed by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting.

**The Board recommends that Shareholders vote FOR the Stock Option Plan Resolution. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be voted against the Stock Option Plan Resolution, the persons named in the proxy or voting instruction form will vote FOR the Stock Option Plan Resolution.**

#### **5. Other Matters**

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the notice of meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, valid forms of proxy will be voted on such matter in accordance with the best judgment of the persons voting the proxy.

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### **Compensation Discussion and Analysis**

The Corporation does not have a formal compensation program. The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Corporation’s compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management’s interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other mining companies to enable the Corporation to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Corporation is under by virtue of the fact that it is a mining Corporation without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers (as hereinafter defined) is fair and reasonable. A “Named Executive Officer” (“NEO”) includes: (i) the Corporation’s Chief Executive Officer; (ii) the Corporation’s Chief Financial Officer; (iii) each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year of December 31, 2018, and whose total compensation was more than \$150,000; and (iv) any additional individuals for whom disclosure would have been required except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year. The Board relies on the experience of its members as officers and directors with other junior mining companies in assessing compensation levels.

### ***Cash Salary***

The Corporation's compensation payable to the NEOs is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each NEO and varies with the amount of time spent by each NEO in carrying out his or her functions on behalf of the Corporation. Base salary is used to provide the NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Corporation.

In particular, the Chief Executive Officer's compensation will be determined by time spent on: (i) the Corporation's current mineral property; (ii) reviewing potential mineral properties that the Corporation may acquire and negotiating, on behalf of the Corporation; and (iii) new business ventures. The Chief Administrative Officer's compensation will be determined by time spent on non-technical aspects of the Corporation's operations. The Chief Financial Officer's compensation is primarily determined by time spent in reviewing the Corporation's financial statements.

### ***Long Term Compensation and Option-Based Awards***

The Corporation has no long-term incentive plans other than its SOP. The Corporation's directors, officers, employees and certain consultants are entitled to participate in the SOP. The SOP is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the SOP aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer-term performance of the Common Shares.

Options are granted by the Board. In monitoring or adjusting the Option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous Option grants and the objectives set for the NEOs and the Board. The scale of Options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of Options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- (a) parties who are entitled to participate in the SOP;
- (b) the exercise price for each Option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the CSE from the market price on the date of grant;
- (c) the date on which each Option is granted;
- (d) the vesting period, if any, for each Option;
- (e) the other material terms and conditions of each Option grant; and
- (f) any re-pricing or amendment to an Option grant.

The Board makes these determinations subject to and in accordance with the provisions of the SOP. The Board reviews and approves grants of Options on an annual basis and periodically during a financial year. A summary of the Option grants to NEOs is provided below. See "*EXECUTIVE COMPENSATION - Compensation Securities Table*".

### **Stock Option Plan**

The Board adopted a stock option plan on October 9, 2019 (the "**SOP**"). The purpose of the SOP is also to advance the interests of the Corporation through the motivation, alignment, attraction, and retention of senior executives, directors, employees (including prospective employees) and consultants of the Corporation and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in ownership of common shares by senior executives' directors, employees and consultants of the Corporation. The Board believes that share based awards provide an effective tool for the Corporation to enable it to attract and retain key personnel. The summary of the SOP set forth herein is subject to the full text of the SOP appended to this Circular as Appendix "A".

The SOP provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Common Shares issued and outstanding at the time such options are granted. The SOP has not yet been approved by Shareholders of the Corporation.

***Eligible Optionees***

To be eligible to receive a grant of Options under the SOP, regulatory authorities require an Optionee to be either a director, officer, employee, consultant, or an employee of a corporation providing management or other services to the Corporation or a subsidiary at the time the Option is granted.

***Other Material Terms***

The other material terms of the SOP are as follows:

- the exercise price of each Option will be set by the Board on the effective date of the Option and will not be less than the closing price of the Common Share on the Canadian Securities Exchange (“CSE”) on the trading day immediately prior to the date the stock option is granted;
- The expiry date of any Option shall be the date so fixed by the Board on the date of the grant, provided such expiry date shall be no later than the tenth anniversary of the date of the grant. Options expire within ninety (90) days after the date an Optionee ceases to be employed by or provide services to the Corporation, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or engaged with (as a director or otherwise) the Corporation;
- In the event of the physical or mental disability, retirement with the consent of the Corporation or death of the Optionee, such person’s Options may be exercised up to and including nine (9) months from such date; and
- Options may not be assigned or transferred.

Outstanding Options to purchase a total of 7,374,995 Common Shares have been issued to directors, officers, employees and consultants of the Corporation and remain outstanding. As at the date hereof, the number of Common Shares remaining available for issuance under the SOP is 754,679. The full text of the SOP is attached hereto as Appendix “A”.

**EXECUTIVE COMPENSATION**

**Director and NEO Compensation, Excluding Compensation Securities**

The following information is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, for the Corporation’s financial years ended December 31, 2019 and 2018.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and Principal Position</b>	<b>Fiscal period</b>	<b>Salary, consulting fee, retainer or commission (\$)<sup>(6)</sup></b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)<sup>(5)</sup></b>	<b>Value of perquisites (\$)</b>	<b>All other compensation(\$)</b>	<b>Total compensation(\$)</b>
Alan Martin <i>CEO and Director</i>	2019	265,750	nil	nil	nil	nil	265,750
	2018	105,140	nil	nil	nil	124,000	229,140
Paul Rokeby, <i>CFO</i>	2019	83,838	nil	nil	nil	nil	83,838
	2018	2,788	nil	nil	nil	nil	2,788
Iain Martin <i>CAO, Corporate Secretary and Director</i>	2019	231,770	nil	nil	nil	nil	231,770
	2018	55,200	nil	nil	nil	62,000	117,200

Andrew Morris <sup>(1)</sup> <i>Director</i>	2019	nil	nil	nil	nil	nil	nil
	2018	N/A	N/A	N/A	N/A	N/A	N/A
David Lindley <sup>(1)</sup> <i>Director</i>	2019	nil	nil	nil	nil	nil	nil
	2018	N/A	N/A	N/A	N/A	N/A	N/A
David Drinkwater <sup>(1)</sup> <i>Director</i>	2019	nil	nil	nil	nil	nil	nil
	2018	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Appointed on July 30, 2019.

### Compensation Securities Table

The following table discloses the particulars of the option-based awards outstanding to NEOs and directors of the Corporation as at the date of this Circular, including awards granted before the most recently completed financial year.

Name and Position	Number of securities underlying unexercised options and percentage of class		Date of issue or grant	Option Exercise Price (\$)	Closing price of underlying security on date of grant (\$)	Closing price of underlying security at year end (\$)	Option Expiration Date
Alan Martin CEO and Director	2,025,000	27.5%	October 4, 2018	\$0.10	N/A	N/A	October 3, 2022
	750,000	10.2%	June 30, 2019	\$0.25	N/A	N/A	June 30, 2023
	100,000	1.4%	March 2, 2020	\$0.15	N/A	N/A	March 2, 2023
Paul Rokeby, CFO	nil	0.0%	N/A	N/A	N/A	N/A	N/A
Iain Martin CAO, Corporate Secretary and Director	675,000	9.2%	October 4, 2018	\$0.10	N/A	N/A	October 3, 2022
	1,429,995	19.4%	June 30, 2019	\$0.25	N/A	N/A	June 30, 2023
	100,000	1.4%	March 2, 2020	\$0.15	N/A	N/A	March 2, 2023
Andrew Morris Director	100,000	1.4%	March 2, 2020	\$0.15	N/A	N/A	March 2, 2023
David Lindley Director	100,000	1.4%	March 2, 2020	\$0.15	N/A	N/A	March 2, 2023
David Drinkwater Director	225,000	3.1%	June 30, 2019	\$ 0.25	N/A	N/A	June 30, 2023
	500,000	6.8%	March 2, 2020	\$0.15	N/A	N/A	March 2, 2023

### Exercise of Stock Options by NEOs and Directors

The following table sets forth information concerning the exercise of options by NEOs and directors during the fiscal year ended December 31, 2019.

Name and Position	Number of underlying securities exercised (#)	Exercise Price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Alan Martin <i>CEO and Director</i>	nil	N/A	N/A	N/A	N/A	N/A

Paul Rokeby <i>CFO</i>	nil	N/A	N/A	N/A	N/A	N/A
Iain Martin <i>CAO, Corporate Secretary and Director</i>	nil	N/A	N/A	N/A	N/A	N/A
Andrew Morris <i>Director</i>	nil	N/A	N/A	N/A	N/A	N/A
David Lindley <i>Director</i>	nil	N/A	N/A	N/A	N/A	N/A
David Drinkwater <i>Director</i>	nil	N/A	N/A	N/A	N/A	N/A

### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information in respect of the Corporation’s equity compensation plans under which equity securities of the Corporation are authorized for issuance, aggregated in accordance with all equity plans previously approved by the Shareholders and all equity plans not approved by Shareholders as at December 31, 2019:

Plan Category	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 (#)
Equity compensation plans approved by securityholders <sup>(1)</sup>	nil	N/A	nil
Equity compensation plans not approved by securityholders	7,374,995	\$0.17	754,679
Total	7,374,995	\$0.17	754,679

Notes:

- (1) The Corporation's SOP is a 10% rolling plan, pursuant to which the total number of authorized but unissued Common Shares made available to be granted to eligible participants under the SOP shall not exceed 10% of the Corporation's issued and outstanding Common Shares, which number shall be reserved for issuance.

For a description of the SOP, see “*STATEMENT OF EXECUTIVE COMPENSATION – Stock Option Plan*”.

### Employment, Consulting, and Management Agreements

#### *Alan Martin*

The Corporation and Alan Martin entered into a consulting agreement dated October 1, 2019 (the “**CEO Agreement**”), pursuant to which he shall perform the services of the President and Chief Executive Officer of the Corporation, in consideration of an annual base salary of \$175,000 on a full-time basis.

The Corporation may terminate the CEO Agreement without specifying any cause, at any time upon providing Mr. A. Martin with the greater of twelve (12) months’ notice or pay in lieu, plus one (1) month’s notice or pay in lieu for each completed year of service under the CEO Agreement or any extension thereto to a combined maximum of twenty-four (24) months (the “**Termination Notice Period**”). In the sole event of termination without cause by the Corporation (and not by Mr. A. Martin), the Corporation shall pay Mr. A. Martin the fee, *pro rata*, during the Termination Notice Period during which time the Mr. A. Martin shall continue to perform services for the Corporation in full accordance with the CEO Agreement, and a termination fee (“**Termination Fee**”) equivalent to one (1) month's fees within seven (7) days of the effective date of termination.

### ***Iain Martin***

The Corporation and Iain Martin entered into an employment agreement dated October 1, 2019 (the “**CAO Agreement**”), pursuant to which he shall perform the services of an officer the Corporation, in consideration of an annual base salary of \$175,000 on a full-time basis.

The Corporation may terminate the CAO Agreement without specifying any cause, at any time upon providing Mr. I. Martin with the greater of twelve (12) months’ notice or pay in lieu, plus one (1) month’s notice or pay in lieu for each completed year of service under the CAO Agreement to a combined maximum of twenty-four (24) months, or the minimum amount of notice or pay in lieu required by *Employment Standards Act, 2000* (Ontario) (the “**ESA**”). The Corporation shall also provide Mr. I. Martin with all other minimum payments or entitlements (beyond notice or pay in lieu) that may be required by the ESA, including severance pay, and will continue to make benefit plan contributions to maintain the Executive’s benefits for such time as required by the ESA.

### **Pension Plan Benefits, Termination and Change of Control Benefits**

The Corporation has no pension or retirement plan. The Corporation has not provided compensation, monetary or otherwise to any person who now acts as a NEO of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates. Other than as may be provided pursuant to the employment or consulting agreements with Messrs. A. Martin and I. Martin, each as described herein, the Corporation is not party to any compensation plan or arrangement with NEOs resulting from the resignation, retirement, or the termination of employment of any person.

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

None of the current or proposed directors or officers of the Corporation, nor any affiliate or associate of the current or proposed directors or officers of the Corporation, is or was indebted to the Corporation (or to another entity which is the subject of a guarantee support agreement, letter of credit, or other similar arrangement or undertaking provided by the Corporation) entered into in connection with a purchase of securities or otherwise per item 10.1 of National Instrument 51-102F5 – *Information Circular*, at any time since its incorporation.

## **AUDIT COMMITTEE**

The Audit Committee is responsible for monitoring the Corporation’s accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, the quality and integrity of financial statements and for directing the auditors’ examination of specific areas.

The current members of the Audit Committee are David Drinkwater (chair), Andrew Morris, and Iain Martin. Messrs. Drinkwater and Morris are considered “independent” directors as defined in National Instrument 52-110 – Audit Committees (“NI 52-110”). Mr. I. Martin is not independent as he is an executive officer of the Corporation. Each member of the Audit Committee is considered to be “financially literate” within the meaning of NI 52-110, which includes 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 Corporation’s financial statements. The full text of the charter of the Audit Committee (the “**Audit Committee Charter**”) is attached as Appendix “B”. A copy of the Audit Committee Charter is also available on the Corporation’s website at [www.bitfarms.com](http://www.bitfarms.com) and under the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).



### Relevant Education and Experience

Each of the members of the Audit Committee has extensive education and experience relevant to the performance of their responsibilities as members of the Audit Committee. Please see “*PARTICULARS OF MATTERS TO BE ACTED UPON – Nominees*”

### Audit Committee Oversight

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

### Pre-Approval Policies and Procedures

The Audit Committee is required to pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors of the Corporation.

### External Auditor Service Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the Corporation’s external auditor during the fiscal years ended December 31, 2019 and December 31, 2018.

	Year Ended December 31, 2019	Year Ended December 31, 2018
Audit Fees <sup>(1)</sup>	\$25,000	\$6,000
Audit Related Fees <sup>(2)</sup>	\$nil	\$nil
Tax Fees <sup>(3)</sup>	\$nil	\$nil
All Other Fees <sup>(4)</sup>	\$23,000	\$nil
Total	\$48,000	\$6,000

Notes:

- (1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation’s annual financial statements.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and are not disclosed in the “Audit Fees” column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) The aggregate of fees billed for the review of the June 30, 2019 and September 30, 2019 financial statements and the prospectus in relation to the listing of the Company’s Common Shares.

### Exemption

Since the Corporation is a “venture issuer” pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the U.S., or a market outside of Canada and the U.S.), it is relying on the exemption in section 6.1 of NI 52-110, exempting the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## CORPORATE GOVERNANCE

The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Corporation. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of the Corporation’s shareholders, but that it also promotes effective decision making at the Board level.

The following is a description of the Corporation’s corporate governance practices.

### Board of Directors

NI 58-101 defines an “independent director” as a director who has no direct or indirect “material relationship” with the issuer. A “material relationship” is as a relationship which could, in the view of the Board, be reasonably expected to

interfere with the exercise of a member’s independent judgment. The Board believes that it functions independently of management, and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 - Corporate Governance Guidelines, the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance.

The Board is currently comprised of five (5) directors being Alan Martin, Andrew Morris, David Lindley, Iain Martin and David Drinkwater. Messrs. Morris, Lindley and Drinkwater are independent within the meaning of NI 58-101. Messrs. A. Martin and I. Martin are not independent as they are officers of the Corporation and thereby have a “material relationship” with the Corporation.

### Directorships

The following table sets forth the directors of the Corporation who currently hold directorships with other reporting issuers:

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)	Trading Market
David Drinkwater	TransAlta Renewables Inc.	Toronto Stock Exchange

### Orientation and Continuing Education

New members of the Board are provided with: (i) information respecting the functioning of the Board and its committees and a copy of the Corporation’s corporate governance documents; (ii) access to all documents of the Corporation, including those that are confidential; and (iii) access to management.

The Board is responsible for providing a comprehensive orientation and education program for new directors which fully sets out:

- the role of the Board and its committees;
- the nature and operation of the business of the Corporation; and
- the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Corporation remains current. Board members are encouraged to: (i) communicate with management and auditors; (ii) keep themselves current with industry trends and developments and changes in legislation with management’s assistance; (iii) attend related industry seminars; and (iv) visit the Corporation’s operations

### Ethical Business Conduct

The fiduciary duties placed on individual directors by the Corporation’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 will ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. Directors must comply with the conflict of interest provisions of the CBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest.

In addition, the Board has adopted a written code of business conduct and ethics (the “**Code of Conduct**”) to encourage and promote a culture of ethical business conduct amongst the directors, officers and employees of the Corporation. Copies of the Code of Conduct are available upon written request from the Chief Executive Officer of the Corporation. The Board is responsible for ensuring compliance with the Corporation’s code of conduct. The Code of Conduct was adopted after

the end of the previous financial year, and there have been no departures from the Corporation's Code of Conduct since its adoption.

- In addition to those matters which, by law, must be approved by the Board, the approval of the Board is required for:
- the Corporation's annual business plan and budget;
- material transactions not in the ordinary course of business; and
- transactions which are outside of the Corporation's existing business.

To ensure the directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest, all such matters are considered and approved by the independent directors. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

The Corporation believes that it has adopted corporate governance procedures and policies which encourage ethical behaviour by the Corporation's directors, officers, and employees.

Any interested director will be required to declare the nature and extent of his or her interest and will not be entitled to vote at meetings of directors at which matters that give rise to such a conflict of interest are considered.

### **Nomination of Directors**

The Corporation has not established a nominating committee. The Board holds the responsibility for the appointment and assessment of directors.

The Board seeks to achieve a balance of knowledge, experience, and capability among its members. When considering candidates for director, the Board takes into account a number of factors, including the following (although candidates need not possess all of the following characteristics and not all factors are weighted equally):

- personal qualities and characteristics, accomplishments, and reputation in the business community;
- current knowledge and contacts in the countries and/or communities in which the Corporation does business and in the Corporation's industry sectors or other industries relevant to the Corporation's business; and
- ability and willingness to commit adequate time to Board and committee matters, and be responsive to the needs of the Corporation.

The Board will periodically assess the appropriate number of directors on the Board and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, or the size of the Board is expanded, the Board will consider various potential candidates for director. Candidates may come to the attention of the Board through current directors or management, stockholders, or other persons. These candidates will be evaluated at regular or special meeting of the Board, and may be considered at any point during the year.

### **Majority Voting Policy**

The Board believes that each director should have the confidence and support of the shareholders of the Corporation. To this end, the Board has unanimously adopted a majority voting policy (the "**Majority Voting Policy**").

Pursuant to the Majority Voting Policy, if, in an uncontested election of directors of the Corporation, any particular nominee for director receives a greater number of votes withheld than number of votes in favour of the nominee, then for purposes of this Policy the nominee shall be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law, and such nominee shall promptly tender his or her resignation to the Chairman of the Board following the meeting. For the purposes of the Majority Voting Policy, an "uncontested election" shall mean an election where the number of nominees for director shall be equal to the number of directors to be elected as determined by the Board.

## **Compensation**

The Corporation has not established a compensation committee. The Board reviews the compensation of the directors and senior officers and makes recommendations regarding the granting of Options to directors and senior officers, compensation for senior officers, and compensation for senior officers' and directors' fees, if any, from time to time. Senior officers and directors may be compensated in cash and/or equity for their expert advice and contribution towards the success of the Corporation. The form and amount of cash compensation will be evaluated by the Board, which will be guided by the following goals:

- compensation should be commensurate with the time spent by senior officers and directors in meeting their obligations and reflective of the compensation paid by companies similar to the Corporation in size, business, and stage of development; and
- the structure of the compensation should be simple, transparent and easy for shareholders to understand. Shareholders will be given the opportunity to vote on all new or substantially revised equity compensation plans for directors as required by regulatory policies.

## **The Board**

- reviews and makes recommendations at least annually regarding the Corporation's remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans (if any), executive stock option plans including the SOP and grants and benefit plans;
- administers the SOP;
- has sole authority to retain and terminate any compensation consultant to assist in the evaluation of director compensation, including sole authority to approve fees and other terms of the retention;
- reviews and approves at least annually all compensation arrangements with the senior executives of the Corporation;
- reviews and approves at least annually all compensation arrangements with the directors of the Corporation; and
- reviews the executive compensation sections disclosed in annual management proxy circular distributed to the shareholders in respect of the Corporation's annual meetings of shareholders.

## **Audit Committee**

The Corporation has established an Audit Committee comprised of directors who are not executive officers, employees, or control persons of the Corporation or any of its affiliates, and who are considered to be financially literate in accordance with applicable securities laws. The Audit Committee Charter is attached as Appendix "B" to this Circular. See "*AUDIT COMMITTEE*". A copy of the Audit Committee Charter is also available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## **Other Board Committees**

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

## **Assessment**

The Board does not consider formal assessments useful given the stage of the Corporation's business and operations. However, the chairman of the Board meets annually with each director individually, which facilitates a discussion of his contribution and that of other directors. When needed, time is set aside at a meeting of the Board for a discussion regarding the effectiveness of the Board and its committees. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees. On an informal basis, the chairman of the Board is also responsible for reporting to the Board on areas where improvements can be made. Any agreed upon improvements required to be made are implemented and overseen by the Board. A more formal assessment process will be instituted as, if, and when the Board considers it to be necessary.

## **Diversity**

The Corporation has neither adopted term limits for the directors on its Board nor adopted any particular mechanisms of board renewal due to the fact that the Corporation is in its early developmental and growth stage. Consequently, the

Corporation views the imposition of term limits or other board renewal mechanisms as disruptive to the development and success of the Corporation.

To date, the Corporation has not adopted a formal written diversity policy and has not established targets with respect to the appointment of individuals to the Board or senior management who are women, Indigenous peoples (First Nations, Inuit and Metis), persons with disabilities, members of visible minorities or otherwise self-represent as being within designated groups (as that term is defined in the *Employment Equity Act* (Canada) (collectively, “**Designated Groups**”). The Corporation recognizes the benefits of diversity within its Board, at the executive level, and at all levels of the organization, but does not believe that a formal policy would enhance the representation of Designated Groups on the board beyond the recruitment and selection process at its present stage in its business cycle. Diversity is one of several factors that the Corporation considers during the recruitment and selection process.

As of the date of this Circular, the Corporation has a total of five (5) directors and three (3) members of senior management. No directors are members of a Designated Group (0%) and no members of senior management is a member of a Designated Group (0%).

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

To the knowledge of the Corporation, since the Corporation’s incorporation, no director, executive officer, or Shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associates or affiliates or such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Corporation.

### **MANAGEMENT CONTRACTS**

There are no management functions of the Corporation which are to any substantial degree performed by a person or a company other than the directors or executive officers of the Corporation.

### **ADDITIONAL INFORMATION**

The Corporation will provide to any shareholder, upon written request to the Chief Administrative Officer of the Corporation at 140 Cook's Lake Road, Timmins, ON, P4R 0B7, telephone: (705) 288-0249, facsimile: (647) 259-1785, a copy of:

- (a) the audited financial statements of the Corporation for its most recently completed financial period, together with the management’s discussion and analysis of such financial results and the auditor’s report thereon, and one copy of any interim financial statements subsequent to the financial statements of the Corporation that have been filed for any period after the end of its most recently completed financial period; and
- (b) this Circular.

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Corporation may be found in the Corporation’s consolidated financial statements and management’s discussion and analysis for its most recently completed financial period.

### **APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Board.

**DATED** this 29<sup>th</sup> day of May, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “*Iain Martin*”

Iain Martin, Secretary and Director



**APPENDIX "A"**  
**STOCK OPTION PLAN**

*(See attached.)*

**INCENTIVE STOCK OPTION PLAN OF  
GOLDEN BIRCH RESOURCES INC.**

1. A stock option plan (herein called the "Plan") for Golden Birch Resources Inc. (the "Corporation") is hereby established. The principal purposes of the Plan are:

- (a) to promote a proprietary interest in the Corporation among its employees, officers and directors and persons and companies providing services to the Corporation;
- (b) to retain and attract the qualified personnel and service support the Corporation requires;
- (c) to provide an incentive element in compensation; and
- (d) to promote the profitability of Corporation.

2. Stock Options shall be granted only to persons, firms or companies ("Participants") who are:

- (a) bona fide employees (full-time or part-time), officers or directors of the Corporation or of a subsidiary of the Corporation; or
- (b) consultants who are engaged to provide services to the Corporation or a subsidiary of the Corporation under a written contract and spend or will spend a significant amount of time and attention on the affairs and business of the Corporation or its subsidiaries.

The judgment of the board of directors of the Corporation (the "Board of Directors") or committee thereof in designating Participants and the extent of their participation shall be final and conclusive; provided, however, that each designated Participant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the Participant's employment by or engagement with the Corporation.

3. The total number of authorized but unissued shares allocated to and made available to be granted to Participants under the Plan shall not exceed 10% of the Common Shares, as such may from time to time be issued and outstanding in the capital stock of the Corporation as the same is presently constituted, and the aggregate number of common shares which may be issued under the Plan to any one particular Participant under the Plan shall not exceed 50% of the said aggregate number of common shares allocated to and made available for the Plan.

4. The rights of any Participant under the Plan are personal to the said Participant and are not assignable and not transferrable otherwise than (a) by will or by laws governing the devolution of property in the event of death of the Participant or (b) with the approval of the Board of Directors, to a "Permitted Assign". "Permitted Assign" shall mean, for a person that is an employee, executive officer, director or consultant of the Corporation or of a related entity of the Corporation,

- (a) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
- (b) a holding entity of the person,



- (c) a RRSP, RRIF, or TFSA of the person,
- (d) a spouse of the person,
- (e) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,
- (f) a holding entity of the spouse of the person, or
- (g) a RRSP, RRIF, or TFSA of the spouse of the person.

5. No resident of the United States of America or any territory or possession thereof may be a Participant in the Plan unless such participation can be accomplished pursuant to or in accordance with and without violating any securities or other legislation of the United States of America or of any state, territory or possession thereof.

6. Subject to the approval of applicable stock exchanges, and regulatory authorities the Board of Directors, or any committee thereof specifically designated by the Board of Directors to be responsible therefor, shall have the unfettered right to interpret the provisions of this Plan and to make such regulations and formulate such administrative provisions for carrying this Plan into effect and to make such changes therein and in the regulations and administrative provisions therein as, from time to time, the said Board or committee thereof deem appropriate in the best interests of the Corporation. The Board of Directors shall also have the unfettered right from time to time and at any time to rescind or terminate the Plan as it shall deem advisable; provided, however, that no such rescission or termination shall impair or change the rights and options theretofore granted under the Plan without the prior written consent of the Participant or Participants affected.

7. The Corporation shall pay all costs of administering the Plan.

8. The exercise price of the shares purchased pursuant to stock options granted hereunder shall be determined in the discretion of the Board of Directors at the time of the granting of the stock option, provided that the exercise price shall not be lower than the "Market Price". "Market Price" of a Share means, on any given day: (i) where the Share is not listed on an Exchange, the fair market value of a Share on that day determined by the Board of Directors, in good faith; and (ii) where the Share is listed on an Exchange, the closing price of the Share on the Exchange on the trading day immediately prior to the date the stock option is granted, or if, there is no reported trade of the Shares on the Exchange on such date, the arithmetic average of the closing bid and the closing ask for the Share on the Exchange on such date.

9. Each option granted hereunder shall be for a term not exceeding ten years and, unless the Board of Directors determines otherwise, shall be exercisable on the date of its grant with respect to 25% of the total number of shares subject to the option (computed to the nearest full share), and on each subsequent six month anniversary during the term of the option, with respect to 25% of the total number of shares subject to the option (computed in each case to the nearest full share), and all or any

part of the shares as to which the option shall have become exercisable may be purchased at any time or from time to time thereafter, until expiration or termination of the option. Each Participant shall execute a Stock Option Agreement in substantially the form annexed hereto as Schedule "A" prior to the grant of any stock option to a Participant becoming effective.

Notwithstanding the foregoing, upon the making of an Offer, options shall become immediately exercisable in respect of any and all shares covered thereby in respect of which the Participant has not exercised such Participant's right to acquire under the option. For the purposes hereof, "Offer" means an offer made generally to the holders of the Corporation's voting securities in one or more jurisdictions to purchase directly or indirectly voting securities of the Corporation where the voting securities which are the subject of the offer to purchase, together with the offeror's then presently owned securities, will in the aggregate exceed 20% of the outstanding voting securities of the Corporation and where two or more persons or companies make offers jointly or in concert or intending to exercise jointly or in concert any voting rights attaching to the securities to be acquired, then the securities owned by each of them shall be included in the calculation of the percentage of the outstanding voting securities of the Corporation owned by each of them.

10.(1) In the event of the physical or mental disability, retirement with the consent of the Corporation or death of the optionee on or prior to the expiry date while engaged as a key employee or director or officer of the Corporation, any option granted hereunder may be exercised up to the full amount of the optioned shares by Participant or the legal personal representative(s) of the Participant, as the case may be at any time up to and including nine months following the physical or mental disability, retirement or death of the Participant after which date the option shall forthwith expire and terminate and be of no further force or effect whatsoever.

(2) For greater certainty, any Participant who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of the Plan.

11. In the event the Participant's employment by or engagement with (as a director or otherwise) the Corporation is terminated by the Corporation or the Participant for any reason other than the Participant's physical or mental disability, retirement with the consent of the Corporation or death before exercise of any options granted hereunder, the Participant shall have ninety days from the date of such termination to exercise only that portion of the option such Participant is otherwise entitled to exercise at that time and thereafter such Participant's option shall expire and all rights to purchase shares hereunder shall cease and expire and be of no further force or effect. Options shall not be affected by any change of employment so long as the Participant continues to be employed by the Corporation or any of its subsidiaries or continues to be a director or officer of one of the foregoing.

12. Subject to the provisions of the Plan, the options granted hereunder may be exercised from time to time by delivery to the Corporation at its head office of a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in full of the purchase price of the shares then being purchased by way of cash or certified cheque in favour of the Corporation. Such notice shall contain the Participant's undertaking to comply, to the

satisfaction of the Corporation and its counsel, with all applicable requirements of any stock exchange or exchanges upon which any securities of the Corporation are from time to time listed and any applicable regulatory authority or authorities.

13. Subject to any required action by its shareholders, if the Corporation shall be a party to any reorganization, merger, dissolution or sale or lease of all or substantially all its assets, whether or not the Corporation is the surviving entity, the option shall be adjusted so as to apply to the securities to which the holder of the number of shares of capital stock of the Corporation subject to the option would have been entitled by reason of such reorganization, merger or sale or lease of all or substantially all of its assets, provided, however, that the Corporation may satisfy any obligations to a Participant hereunder by paying to the said Participant in cash the difference between the exercise price of all unexercised options granted hereunder and the fair market value of the securities to which the Participant would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied. Adjustments under this paragraph or any determinations as to the fair market value of any securities shall be made by the Board of Directors, or any committee thereof specifically designated by the Board of Directors to be responsible therefor, and any reasonable determination made by the said Board or committee thereof shall be binding and conclusive.

14. In the event of any subdivision or subdivisions of the common shares of the Corporation as said common shares were constituted at the time any options granted hereunder were granted into a greater number of common shares, the Corporation will thereafter deliver at the time of exercise thereof in addition to the number of shares in respect of which the option is then being exercised, such additional number of shares as result from such subdivision or subdivisions of the shares for which the option is being exercised without the Participant exercising the option making any additional payment or giving any other consideration therefor.

15. In the event of any consolidation or consolidations of the common shares of the Corporation as said common shares were constituted at the time any options granted hereunder were granted into a lesser number of common shares, the Participant shall accept, at the time of the exercise thereof in lieu of the number of shares in respect of which the option is then being exercised, the lesser number of shares as result from such consolidation or consolidations of the shares for which the option is being exercised.

16. In the event of any change of the common shares of the Corporation as said common shares were constituted at the time any options granted hereunder were granted the Corporation shall thereafter deliver at the time of the exercise thereof the number of shares of the appropriate class resulting from the said change as the Participant exercising the option would have been entitled to receive in respect of the number of shares so purchased had the option been exercised before such change.

17. If the Corporation at any time while any options granted hereunder are outstanding shall pay any stock dividend or stock dividends upon the shares of the Corporation in respect of which any options were granted hereunder, the Corporation will thereafter deliver at the time of exercise thereof

in addition to the number of shares in respect of which the option is then being exercised, the additional number of shares of the appropriate class as would have been payable on the shares so purchased if they had been outstanding on the record date for the payment of said stock dividend or dividends.

18. The Corporation shall not be obligated to issue fractional shares in satisfaction of any of its obligations hereunder.

19. If at any time the Corporation grants to the holders of its capital stock rights to subscribe for and purchase *pro rata* additional securities of the Corporation or of any other corporation or entity, there shall be no adjustments made to the number of shares or other securities subject to the option in consequence thereof and the said stock option of the Participant shall remain unaffected.

20. The Corporation shall not be obligated to issue any shares upon exercise of Stock Options if the issue would violate any law or regulation or any rule of any governmental authority or stock exchange.

**Schedule "A"**  
**Stock Option Agreement**

THIS AGREEMENT made the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Golden Birch Resources Inc., a corporation incorporated under the laws of Ontario (the "Corporation") and \_\_\_\_\_ (the "Optionee"). The parties agree as follows:

1. Pursuant to the Stock Option Plan of the Corporation established by the directors of the Corporation on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, the Corporation hereby grants to the Optionee the irrevocable option to purchase up to common shares (the "Shares") in the capital stock of the Corporation, as presently constituted, for cash, at a price of \$\_\_\_\_\_ per Share, upon the following terms and conditions:

- (a) The option shall be exercisable on the date of its grant with respect to 25% of the total number of shares subject to the option (computed to the nearest full share), and on each subsequent six month anniversary during the term of the option, with respect to 25% of the total number of shares subject to the option (computed in each case to the nearest full share), and all or any part of the Shares as to which the option shall have become exercisable may be purchased at any time, or from time to time, thereafter, until expiration or termination of the option. The option may only be exercised by the Optionee, or by the person or persons entitled to exercise the same pursuant to the provisions of subparagraph (d) below by the delivery to the Corporation at its head office of written notice of election to exercise the same, specifying the number of Shares with respect to which the option is being exercised and accompanied by payment in full of the purchase price of the Shares then purchased by way of cash or certified cheque in favour of the Corporation. Such notice shall constitute the Optionee's acknowledgement of and undertaking to comply to the satisfaction of the Corporation and its counsel, with all applicable requirements of any stock exchange or exchanges upon which any securities of the Corporation may from time to time be listed and of any applicable regulatory authority or authorities. Such requirements may include the placement of legends on share certificates restricting transfer of such Shares, the making of representations by the Optionee that the Optionee is acquiring such Shares for investment and not with a view to distribution, the filing of any required information or statements with the aforesaid authorities and the making of arrangements with the Optionee's employer to withhold income taxes which may become payable under the Optionee's exercise of an option under this Agreement. Concurrently with its receipt of any such notice and payment, the Corporation shall deliver, or cause to be delivered, to the Optionee a certificate representing the Shares purchased by the Optionee. The Corporation may at its election require that this Agreement be presented for appropriate endorsement upon any such exercise.
- (b) The option shall be non-assignable and non-transferable by the Optionee otherwise than by will or the laws of descent and distribution or as contemplated in subparagraph (d) hereof.

- (c) The option shall expire and all rights to purchase Shares hereunder shall cease and become null and void at 5:00p.m. Eastern time on the \_\_\_\_ day of \_\_\_\_\_, 20 , and the option hereby granted shall expire and all rights hereunder shall cease at such time or upon the happening of certain events as hereinafter provided.
- (d) In the event of the physical or mental disability, retirement with the consent of the Corporation or death of the Optionee on or prior to the expiry date while engaged as an employee, or director or officer or consultant of the Corporation, the option granted may be exercised, up to the full amount of the optioned Shares by the Optionee or the legal personal representative(s) of the Optionee, as the case may be, at any time up to and including eighteen months following the physical or mental disability, retirement or death of the Optionee after which date the option shall forthwith expire and terminate and be of no further force or effect whatsoever.

For greater certainty, any Optionee who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of the Plan.

- (e) In the event the Optionee's employment by or engagement with the Corporation is terminated by the Corporation or the Optionee for any reason other than the Optionee's physical or mental disability, retirement with the consent of the Corporation or death before exercise of the option contained herein, the Optionee shall have ninety days from the date of such termination to exercise only that portion of the option such Optionee is otherwise entitled to exercise at that point of time and thereafter this option shall expire and all rights to purchase Shares hereunder shall cease and expire and be of no further force or effect. Options shall not be affected by any change of employment so long as the Optionee continues to be employed by the Corporation or one of its subsidiaries or continues to be a director or an officer of one of the foregoing.
- (f) If the Corporation shall be a party to any reorganization, merger, dissolution or sale of all or substantially all of its assets, whether or not the Corporation is the surviving entity, the option shall be adjusted so as to apply to the securities to which the holder of the number of Shares of the Corporation subject to the option would have been entitled by reason of such reorganization, merger, dissolution or sale of all or substantially all of its assets provided, however, that the Corporation may satisfy any obligations to the Optionee hereunder by paying to the Optionee in cash the difference between the exercise price of all unexercised options granted hereunder and the fair market value of the securities to which the Optionee would be entitled, upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied. Adjustments under this subparagraph or any determinations as to the fair market value of any securities shall be made by the Board of Directors of the Corporation, or any committee thereof specifically designated by the Board of Directors to be responsible therefor, and any reasonable determination made by the said Board or committee thereof shall be binding and conclusive.
- (g) In the event of any subdivision or subdivisions of the common shares of the Corporation as said common shares were constituted at the time any options granted hereunder were granted into

a greater number of common shares, the Corporation will thereafter deliver at the time of exercise thereof in addition to the number of Shares in respect of which the option is then being exercised, such additional number of Shares as result from such subdivision or subdivisions without the Optionee exercising the option being obligated to make any additional payment or giving any other consideration therefor.

- (h) In the event of any consolidation or consolidations of the common shares of the Corporation as said common shares were constituted at the time any options granted hereunder were granted into a lesser number of common shares, the Optionee shall accept, at the time of the exercise thereof in lieu of the number of Shares in respect of which the option is then being exercised, the lesser number of Shares as result from such consolidation or consolidations.
- (i) In the event of any change of the common shares of the Corporation as said common shares were constituted at the time any options granted hereunder were granted, the Corporation shall thereafter deliver at the time of the exercise thereof the number of shares of the appropriate class resulting from the said change as the Optionee exercising the option would have been entitled to receive in respect of the number of shares so purchased had the option been exercised before such change.
- (j) If the Corporation at any time while any options granted hereunder are outstanding shall pay any stock dividend or stock dividends upon the shares of the Corporation in respect of which any options were granted hereunder, the Corporation will thereafter deliver at the time of exercise thereof in addition to the number of shares in respect of which the option is then being exercised, the additional number of shares of the appropriate class as would have been payable on the shares so purchased if they had been outstanding on the record date for the payment of said stock dividend or dividends.
- (k) The Corporation shall not be obligated to issue fractional Shares in satisfaction of its obligations hereunder.
- (l) If at any time the Corporation grants to its shareholders the right to subscribe for and purchase pro rata additional securities of the Corporation or of any other corporation or entity, there shall be no adjustments made to the number of Shares or other securities subject to the option in consequence thereof and the said option of the Optionee shall remain unaffected.

2. Nothing in this Agreement shall confer upon the Optionee any right to continue in the employ of the Corporation or its subsidiaries and nothing herein contained shall interfere in any way with the right of the Corporation or any of its subsidiaries to terminate the employment of the Optionee at any time.

3. The Corporation shall not be obligated to issue any shares upon exercise of Stock Options if the issue would violate any law or regulation or any rule of any governmental authority or stock exchange.

4. The Corporation hereby represents to and agrees with the Optionee that if for any reason, other than the failure or default of the Optionee, the Corporation is unable to issue and deliver the Shares as contemplated herein to the Optionee upon the exercise by the Optionee of the option to purchase any of the Shares covered by this option, the Corporation will pay, in complete satisfaction of its obligations hereunder, to the Optionee, in cash, an amount equal to the difference between the option exercise price and the fair market value of such Shares on the date that the Optionee gave notice of such exercise in accordance with paragraph 1(a) hereof. For the purposes of this Agreement, if the Shares subject to this option are traded on a stock exchange or exchanges, the fair market value shall be the closing sale price on the exchange having the greatest volume of trading on the last trading day immediately prior to the date such notice is given.

The Optionee, if an employee, senior officer, director or consultant of the Corporation or of an affiliated entity of the Corporation, represents and warrants to the Corporation that the Optionee's participation in the Stock Option Plan, acceptance of the option granted hereunder and entering into of the Agreement is voluntary.

4. The Optionee hereby acknowledges receipt from the Corporation of a copy of the Stock Option Plan. The Optionee acknowledges that upon any conflict between the terms of said Plan and this option agreement the terms of this Agreement shall prevail.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

*Golden Birch Resources Inc.*

By: \_\_\_\_\_

[insert office]

c/s

By: \_\_\_\_\_

[insert office]

WITNESS:

\_\_\_\_\_

\_\_\_\_\_ *I.S.*  
Optionee



**Schedule "B"**  
**Option Exercise Form**

TO: GOLDEN BIRCH RESOURCES INC.

The undersigned Optionee (or the Optionee's legal representative(s) permitted under the Golden Birch Resources Stock Option Plan hereby irrevocably elects to exercise this Option for the number and class of Shares (or other property or securities subject thereto) as set forth below:

- (a) Number of Shares to be Acquired: \_\_\_\_\_
- (b) Class of Shares: \_\_\_\_\_
- (c) Option Exercise Price per Share: \$ \_\_\_\_\_
- (d) Aggregate Purchase Price [(a) times (c)]: \$ \_\_\_\_\_

and hereby tenders a certified cheque or bank draft for such aggregate purchase price, directing such Shares to be registered and a certificate therefor to be issued as directed below.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

WITNESS TO EXECUTION )  
 )  
 ) \_\_\_\_\_  
 ) *[Name of Optionee]*  
 )  
 )  
 )

Direction as to Registration:

\_\_\_\_\_  
*[Name of Registered Holder]*

\_\_\_\_\_  
*[Address of Registered Holder]*

**APPENDIX "B"**  
**AUDIT COMMITTEE CHARTER**

# AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Golden Birch Resources Inc. (“**Golden Birch**” or the “**Corporation**”).

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## 1.0 Mandate

The Committee shall:

- (a) assist the Board in its oversight role with respect to the quality and integrity of the financial information;
- (b) assess the effectiveness of the Corporation’s risk management and compliance practices;
- (c) assess the independent auditor’s performance, qualifications and independence;
- (d) assess the performance of the Corporation’s internal audit function;
- (e) ensure the Corporation’s compliance with legal and regulatory requirements; and
- (f) prepare such reports of the Committee required to be included in any Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

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## 2.0 Composition and Membership

The Committee shall be composed of not less than three members, each of whom shall be a director of the Corporation. A majority of the members of the Committee shall not be an officer or employee of the Corporation. A majority of the members shall satisfy the applicable independence requirements, and all members shall satisfy the experience requirements, of the laws governing the Corporation, the applicable stock exchanges on which the Corporation’s securities are listed and applicable securities regulatory authorities.

Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

Members of the Committee shall be appointed or reappointed at the annual meeting of the Corporation and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Corporation a Chairman among their number. The Chairman shall not be a former executive Officer of the Corporation. Such Chairman shall serve as a liaison between members and senior management.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

- a) a quorum for meetings shall be at least three members;
- b) the Committee shall meet at least quarterly;
- c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least twenty-four (24) hours in advance of such meeting;
- d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

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### **3.0 Duties and Responsibilities**

#### **3.1 Oversight of the Independent Auditor**

- (a) Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.
- (b) Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- (c) Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.

- (d) Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Corporation.
- (e) Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.
- (f) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
- (g) Review, as necessary, policies for the Corporation's hiring of partners, employees or former partners and employees of the independent auditor.

### **3.2 Financial Reporting**

- a) Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.
- b) Review and discuss with Management the Corporation's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.
- c) Review and discuss, with Management and the independent auditor, Management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on Management's assessment.
- d) Review and discuss with Management the Corporation's quarterly financial statements prior to the publication of earnings.
- e) Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
- f) Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.

- g) Discuss with the independent auditor at least annually any “Management” or “internal control” letters issued or proposed to be issued by the independent auditor to the Corporation.
- h) Review and discuss with Management and the independent auditor at least annually any significant changes to the Corporation’s accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.
- i) Discuss with Management the Corporation’s earnings press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.
- j) Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation’s financial statements.
- k) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.
- l) Review disclosures made by the Corporation’s Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation’s ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Corporation’s internal controls.
- m) Discuss with the Corporation’s General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

### **3.3 Oversight of Risk Management**

- a) Review and approve periodically Management’s risk philosophy and risk management policies.
- b) Review with Management at least annually reports demonstrating compliance with risk management policies.
- c) Review with Management the quality and competence of Management appointed to administer risk management policies.
- d) Review reports from the independent auditor at least annually relating to the adequacy of the Corporation’s risk management practices together with Management’s responses.
- e) Discuss with Management at least annually the Corporation’s major financial risk exposures and the steps Management has taken to monitor and control such exposures, including the Corporation’s risk assessment and risk management policies.

### **3.4 Oversight of Regulatory Compliance**

- a) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- b) Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.
- c) Meet with the Corporation's regulators, according to applicable law.
- d) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

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### **4.0 Funding for the Independent Auditor and Retention of Other Independent Advisors**

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain and, at Golden Birch's expense, to set and pay the compensation for such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes.

The Committee also has the authority to communicate directly with internal and external auditors.

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### **5.0 Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters**

1. The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "**Complaints Officer**") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.

4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

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## **6.0 Procedures for Approval of Non-Audit Services**

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
  - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
  - (b) financial information systems design and implementation;
  - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
  - (d) actuarial services;
  - (e) internal audit outsourcing services;
  - (f) management functions;
  - (g) human resources;
  - (h) broker or dealer, investment adviser or investment banking services;
  - (i) legal services;
  - (j) expert services unrelated to the audit; and
  - (k) any other service that the Canadian Public Accountability Board determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

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## **7.0 Reporting**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.



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## **8.0 Access to Information and Authority**

The Committee will be granted unrestricted access to all information regarding Golden Birch that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by members of the Committee.

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## **9.0 Review of Charter**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: October 21, 2019

Approved by: Audit Committee  
Board of Directors