

## NOTICE OF 2023 ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of the shareholders of **INFLECTION RESOURCES LTD.** (the “**Company**”) will be held on May 19, 2023 at 10:00 a.m. (Pacific Time), at Suite 1210 - 1130 West Pender Street, Vancouver, British Columbia, for the following purposes:

1. To receive and consider the report of the directors, the audited Annual Financial Statements of the Company for the financial years ended September 30, 2022 and September 30, 2021, the report of the auditor thereon and the related Management’s Discussion and Analysis;
2. To elect directors of the Company for the ensuing year;
3. To appoint Dale Matheson Carr-Hilton LaBonte LLP, Certified Professional Accountants, as auditor of the Company for the ensuing year;
4. To consider, and if thought advisable, to approve an ordinary resolution ratifying, confirming and approving the Advance Notice Policy, as described in the accompanying Information Circular; and
5. To consider any permitted amendment to or variation of any matter identified in this Notice and to transact such other business as may properly come before the Meeting or at any adjournment thereof.

An Information Circular accompanies this Notice, which contains details of matters to be considered at the Meeting. Copies of the Company’s Audited Annual Financial Statements for its financial years ended September 30, 2022 and September 30, 2021, the report of the auditor thereon, and the related Management’s Discussion and Analysis are available under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

**The Board of Directors (the “Board”)** encourages all shareholders vote their shares by proxy and not attend in person. Shareholders should complete, date and sign the enclosed form of proxy, or another suitable form of proxy, and deliver it by hand, by mail or by fax to Endeavor Trust Corporation in accordance with the instructions set out in the form of proxy and in the Information Circular accompanying this Notice by 10:00 a.m. (Vancouver, British Columbia time) on Wednesday, May 17, 2023 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) to ensure that their shares will be voted at the Meeting by proxy. Only shareholders of record at the close of business on April 14, 2023 will be entitled to vote at the Meeting.

Unregistered (“beneficial”) shareholders must follow the instructions set out in the form of proxy or voting instruction form and in the Information Circular to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you are an unregistered (“beneficial”) shareholder.

Shareholders who wish to access the Meeting by videoconference can do so by emailing the Company at [info@inflectionresources.com](mailto:info@inflectionresources.com) and we will provide you with the url link.

**DATED** at Vancouver, British Columbia this 14<sup>th</sup> day of April, 2023.

**BY ORDER OF THE BOARD**

*“Alistair Waddell”*

**Alistair Waddell**  
**President and Chief Executive Officer**

**INFORMATION CIRCULAR**  
as at April 14, 2023, *except as otherwise indicated*

This Information Circular is furnished in connection with the solicitation of proxies by the management of Inflection Resources Ltd. (the “Company”) for use at the annual general meeting (the “Meeting”) of the Company’s shareholders to be held on May 19, 2023 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

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

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

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

**Appointment of Proxyholders**

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

**Voting by Proxyholder**

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

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

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.**

## Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders who choose to submit a proxy may do so by one of the following methods:

- (a) complete, date and sign the enclosed form of Proxy and return it to the Company's transfer agent, Endeavor Trust Corporation. (“**Endeavor**”), by fax to 604-559-8908, by email to [proxy@endeavortrust.com](mailto:proxy@endeavortrust.com), by mail or by hand to Suite 702, 777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4; or
- (b) log onto the internet website of Endeavor at [www.eProxy.ca](http://www.eProxy.ca). Registered Shareholders must follow the instructions provided and refer to the enclosed Proxy form for the holder's account number and the proxy access number.

Registered Shareholders must ensure the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof.

## Beneficial Shareholders (Unregistered Shareholders)

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

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

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada and in the United States. Broadridge mails a voting instruction form (a “**VIF**”) in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative (which may be you), in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with Broadridge's instructions, well in advance of the Meeting in order to have the Common Shares voted at the Meeting, or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares.**

This information circular and related material is being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

## Notice to Shareholders in the United States

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) (the “**BCA**”), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

## Revocation of Proxies

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder’s authorized attorney in writing, or, if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Endeavor or at the address of the registered office of the Company at 1210 – 1130 West Pender Street, Vancouver, British Columbia, V6E 4A4, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the Registered Shareholder’s Common Shares.

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

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

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

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the “**Board**”) of the Company has fixed April 14, 2023 as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Company is authorized to issue an unlimited number of Common Shares. As of the Record Date, there were 87,745,670 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors and there are no cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company, no persons or corporations beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more

than 10% of the voting rights attached to all outstanding Common Shares of the Company as at the Record Date, other than as set forth below:

Name of Shareholder	Number of Shares	Percentage of Issued Shares
OCP Holdings Ltd.	14,750,001	16.81%

### VOTES NECESSARY TO PASS RESOLUTIONS

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

### ELECTION OF DIRECTORS

Pursuant to the Company's Articles, the Board has determined that five (5) directors are to be elected to the Board at the Meeting. Therefore, at the Meeting shareholders will elect five (5) directors to the Board.

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

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for each new director nominee), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as of April 14, 2023.

Name of Nominee; Current Position with the Company, Province and Country of Residence	Occupation, Business or Employment	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
<b>ALISTAIR WADDELL</b> British Columbia, Canada President, Chief Executive Officer and Director	Geologist and director and officer of several mining and mineral exploration companies. Chairman and Director of Headwater Gold Inc. from January 2019 to present; CEO of Headwater Gold Inc. from September 2019 to March 2021. Director of Precipitate Gold Corp. from March 2016 to present. Director of North Stawell Minerals from July 2020 to present. Director of Winshear Gold Corp. from September 2019 to September 2022.	Since February 1, 2018	2,910,000 <sup>(3)</sup> 4.44% <sup>(4)</sup>
<b>WENDELL ZERB<sup>(2)</sup></b> British Columbia, Canada Chairman and Director	Geologist and Businessman. Director of Headwater Gold Inc. from July 2020 to present. President and Chief Executive Officer of Red Canyon Resources Ltd. from October 2020 to present.	Since March 20, 2019	2,010,000 3.81% <sup>(5)</sup>

Name of Nominee; Current Position with the Company, Province and Country of Residence	Occupation, Business or Employment	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(4)</sup>
<b>DR. STUART SMITH<sup>(2)</sup></b> New South Wales, Australia Director	Geologist and Businessman. Technical Director and Global Copper Specialist of Teck Resources Ltd. from September 2013 until December 2018. Director of Vizsla Silver Corporation from February 2019 until July 2022 and Riley Gold Corp. from March 2019 to March 2021.	Since March 20, 2019	150,000 1.20% <sup>(6)</sup>
<b>TERO KOSONEN</b> British Columbia, Canada Director	Businessman and director and officer of several companies in various industries, including mining. Director of Headwater Gold Inc. from May 2019 to present. In 2017, Co-Founded OCP Holdings Ltd., a venture capital group investing in mineral exploration opportunities globally.	Since March 20, 2019	1,350,000 <sup>(7)</sup> 2.63% <sup>(8)</sup>
<b>CECIL R. BOND<sup>(2)</sup></b> British Columbia, Canada Director	Chartered Professional Accountant (CPA, CA) and Businessman. Director and Executive Vice President, Finance of Rugby Resources Ltd. from March 2018 to present. Director of QuestEx Gold & Copper Ltd. from April 2018 to June 2022.	Since March 20, 2019	300,000 1.36% <sup>(9)</sup>

- (1) The number of Common Shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by the nominees themselves.
- (2) Member of the Audit Committee.
- (3) 2,860,000 Common Shares held directly and 50,000 Common Shares owned by Waddell Consulting Inc., a private British Columbia company owned by Mr. Waddell. In addition, Mr. Waddell holds a greater than 25% interest in OCP Holdings Ltd., a private British Columbia company that owns 14,750,001 Common Shares.
- (4) Includes the exercise of 25,000 share purchase warrants and 1,010,000 stock options.
- (5) Includes the exercise of 380,000 share purchase warrants and 1,010,000 stock options.
- (6) Includes the exercise of 910,000 stock options.
- (7) Held directly. In addition, Mr. Kosonen is a director of and holds a greater than 25% interest in OCP Holdings Ltd., a private British Columbia company that owns 14,750,001 Common Shares.
- (8) Includes the exercise of 77,500 share purchase warrants and 910,000 stock options.
- (9) Includes the exercise of 910,000 stock options.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

### Cease Trade Orders and Bankruptcies

No proposed director is, as at the date of this Information Circular, or has been, within ten (10) years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company in respect of which the Information Circular is being prepared) that:

- (i) was subject to a cease trade or similar order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to a cease trade or similar order that was issued after the proposed director 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.

No proposed director is, as at the date of this Information Circular, or has been within ten (10) years before the date of this Information Circular, a director or executive officer of any company (including the Company in respect of which the Information Circular is being prepared) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under

any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director has, within the past ten (10) years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Penalties and Sanctions**

No proposed director of the Company 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **APPOINTMENT OF AUDITOR**

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

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

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

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

The audit committee meets at least quarterly to review quarterly financial statements and management’s discussion and analysis and meets at least once annually with the Company’s external auditor. The audit committee discusses, among other things, the annual audit, the adequacy and effectiveness of the Company’s internal control and management information systems and management’s discussion and analysis and reviews the annual financial statements with the external auditor.

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

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

The Audit Committee is presently comprised of Cecil R. Bond (Chair), Dr. Stuart Smith, and Wendell Zerb. As defined in National Instrument 52-110, Mr. Zerb is not “independent”, as he is the Chairman of the Company. Mr. Bond and Dr. Smith are independent directors within the meaning of NI 52-110. The Company is exempt from the Audit Committee composition requirements in NI 52-110 which require all Audit Committee members to be independent. All of the Audit Committee members are “financially literate”, as defined in National Instrument 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting. The members of the Audit Committee are elected by the Board at its first meeting following each annual shareholders’ meeting to serve one-year terms and are permitted to serve an unlimited number of consecutive terms.

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

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

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

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

*Cecil R. Bond:* Mr. Bond is a Chartered Professional Accountant (CPA, CA). He is a director and officer of several public companies, in addition to having served as a member of the audit committee of several reporting issuers, and is familiar with the financial reporting requirements applicable to public companies in Canada.

*Dr. Stuart Smith:* Dr. Smith holds a PhD in Economic Geology. He has 30 years of global experience with mineral exploration and mining development companies and is familiar with the financial reporting requirements applicable to public companies in Canada.

*Wendell Zerb:* Mr. Zerb is a professional geologist with over 30 years experience, including 17 years in financial analysis of public companies. He has also served in executive management roles, as a director, and officer of a public company. He is familiar with the financial reporting requirements applicable to public companies in Canada.

#### **Audit Committee Oversight**

The Audit Committee was established on March 10, 2019 and will, among other things, make recommendations to the Board to nominate or compensate an external auditor. The Audit Committee has recommended that DMCL be appointed as the auditors of the Company for the ensuing year.

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

The Company is a “venture issuer” as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

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

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading “External Auditors”.

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

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company’s external auditor in the financial years ended September 30, 2022 and September 30, 2021 with respect to the Company, by category, are as follows:

<b>Nature of Services</b>	<b>Fees Paid to DMCL in Fiscal Year Ended September 30, 2022</b>	<b>Fees Paid to DMCL in Fiscal Period Ended September 30, 2021</b>
Audit Fees	\$40,000	\$38,000
Audit-Related Fees	Nil	Nil
Tax Fees	1,800	1,600
All Other Fees	Nil	Nil
<b>Total</b>	<b>\$41,800</b>	<b>\$39,600</b>



## CORPORATE GOVERNANCE

### General

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with day-to-day management of the Company. National Instrument 58-201 Corporate Governance Guidelines establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

In accordance with National Instrument 58-101 Disclosure of Corporate Governance Practices (“**NI 58-101**”) the Company’s corporate governance practices are summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary, implement such additional practices as it deems appropriate.

### Board of Directors

The Board is currently composed of five directors – Alistair Waddell, Wendell Zerb, Tero Kosonen, Dr. Stuart Smith, and Cecil R. Bond. The Board facilitates its exercise of independent supervision over management by ensuring sufficient representation by directors independent of management.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary. Each of Cecil R. Bond and Dr. Stuart Smith can be considered to be “independent” within the meaning of NI 58-101. Alistair Waddell, by reason of being CEO and President of the Company and a shareholder of OCP Holdings Ltd., a significant shareholder; Wendell Zerb, by reason of being Chairman of the Company; and Tero Kosonen by reason of being a director and shareholder of OCP Holdings Ltd., a significant shareholder, cannot be considered to be “independent” within the meaning of NI 58-101.

The independent directors will meet separately from the non-independent directors, as determined necessary from time to time, in order to facilitate open and candid discussion among the independent directors. No separate meetings of the independent directors have been held to date. Wendell Zerb acts as the chairman with respect to the conduct of Board meetings. Given the Company’s relatively small size and start-up nature, the Board is satisfied as to the extent of independence of its members. The Board is satisfied that it is not constrained in its access to information, in its deliberations, or in its ability to satisfy the mandate established by law to supervise the business and affairs of the Company, and that there are sufficient systems and procedures in place to allow the Board to have a reasonable degree of independence from day-to-day management.

### Board Mandate

The Board does not presently have a written mandate describing how the Board delineates its role and responsibilities. The size of the Company is such that all of its operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors have regular and full access to management. Further supervision is performed through the Company’s Audit Committee which is composed of a majority of independent directors who meet with the Company’s auditors without management being in attendance.

### Position Descriptions

The Board has not developed written position descriptions for the chairman with respect to the conduct of Board meetings, or for the chair of any committees. The chairman's role and responsibilities in each instance include reviewing notices of meetings, overseeing meeting agendas, conducting and chairing meetings in accordance with good practices, and reviewing minutes of meetings.

The duties and responsibilities for the Company's CEO are described in his employment contract. The CEO's general roles and responsibilities are commensurate with the position of CEO of a resource company comparable in size to the Company include overseeing all operations of the Company, and developing and devising the means to implement general strategies for the direction and growth of the Company as instructed by the Board.

### Other Reporting Issuer Experience

The following table sets out the directors of the Company who are currently directors of other reporting issuers in any Canadian or foreign jurisdiction:

Name	Reporting Issuer	Exchange or Market and Trading Symbol
Cecil R. Bond	Rugby Resources Ltd.	TSX.V: RUG
Tero Kosonen	Headwater Gold Inc.	CSE: HWG
Alistair Waddell	Headwater Gold Inc. Palamina Corp. Precipitate Gold Corp. North Stawell Minerals	CSE: HWG TSX.V: PA TSX.V: PRG ASX: NSM
Wendell Zerby	Headwater Gold Inc.	CSE: HWG

### Orientation and Continuing Education

Each new director is given an outline of the nature of the Company's business, its corporate strategy, and current issues within the Company. New directors are encouraged to review the Company's public disclosure records and are also required to meet with management of the Company to discuss and better understand the Company's business and are given the opportunity to meet with counsel to the Company to discuss their legal obligations as directors of the Company.

In addition, management of the Company will take steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole.

### Ethical Business Conduct

The Board has not established a Corporate Governance Committee, but plans do so in the future. As some of the Company's directors also serve as directors and officers of other companies engaged in similar business activities, the directors must comply with the conflict of interest provisions of applicable corporate law, as well as the relevant securities regulatory instruments, in order to ensure that they exercise independent judgment in considering transactions and agreements in respect of which they may have a material interest. 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 any such conflict.

### Nomination of Directors

The Company's management is continually in contact with individuals involved with public sector issuers. From these sources, management has made numerous contacts and, in the event, that the Company requires any new directors, such individuals will be brought to the attention of the Board. The Company conducts due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, integrity of character and a willingness to serve.

## Compensation

The entire Board acts as a de facto Compensation Committee to monitor and review the salary and benefits of its executive officers. The Board will periodically review the Company’s general compensation structure, policies and programs in consideration of industry standards and the Company’s financial situation until a Compensation Committee is formed.

## Other Board Committees

At present, the only committee the Company has is an Audit Committee. The Company may create other committees in the future.

## Assessments

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director are informally monitored by the other Board members, having in mind the business and other strengths of the individual and the purpose of originally nominating the individual to the Board.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is a Stock Option Plan dated for reference March 21, 2019 (the “**Option Plan**”). The Option Plan is a “rolling plan,” under which the total number of Common Shares issuable from time to time, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares from time to time.

## Equity Compensation Plan Information

At the September 30, 2022 fiscal year end, the number of issued and outstanding Common Shares was 87,745,670 (September 30, 2021: 71,270,670) and therefore there were 8,774,567 Common Shares available to be reserved for issuance upon exercise of options under the Option Plan (September 30, 2021: 7,127,067).

The following table sets out equity compensation plan information as at the September 30, 2022 and 2021 fiscal year ends:

Equity Compensation Plan Information						
	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights (\$)		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	
Plan Category	(a)		(b)		(c)	
Fiscal year ended	2022	2021	2022	2021	2022	2021
Equity compensation plans approved by securityholders – the Option Plan.	6,374,000	4,794,000	\$0.22	\$0.29	2,400,567	2,333,067
Equity compensation plans not approved by securityholders	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>6,374,000</b>	<b>4,794,000</b>			<b>2,400,567</b>	<b>2,333,067</b>

## STATEMENT OF EXECUTIVE COMPENSATION

### Named Executive Officers

In this section “Named Executive Officer” means the Chief Executive Officer, the Chief Financial Officer and each of the three most highly compensated executive officers, other than the Chief Executive Officer and the Chief Financial Officer, who were serving as executive officers at the end of the most recently completed fiscal

year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

### Director and NEO Compensation

The following compensation table, excluding options and compensation securities, provides a summary of the compensation paid by the Company to NEOs and members of the Board for the most recently completed financial years ended September 30, 2022 and September 30, 2021. Options and compensation securities are disclosed under the heading “Stock Options and Other Compensation Securities” below.

During the financial year ended September 30, 2022, the Company had four individuals who were Named Executive Officers, namely (i) Alistair Waddell, who was appointed the Chief Executive Officer and President of the Company on May 9, 2018; (ii) John Wenger, who was appointed Chief Financial Officer of the Company on October 1, 2020; (iii) Carl Swensson, who served as the Vice President of Exploration of the Company from February 1, 2018 until January 31, 2022; and (iv) Douglas Menzies, who was appointed Vice President of Exploration of the Company on February 1, 2022.

During the financial year ended September 30, 2021, the Company had three individuals who were Named Executive Officers, namely (i) Alistair Waddell; (ii) John Wenger; and (iii) Carl Swensson.

### Director and NEO Compensation, Excluding Compensation Securities

The following table sets forth all annual and long-term compensation for services paid to or earned by the Company’s Named Executive Officers and directors, excluding compensation securities, during the financial years ended September 30, 2022 and September 30, 2021:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer, commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Alistair Waddell</b> <sup>1</sup> CEO, President, Director & Director of Subsidiaries	2022	198,000	nil	nil	nil	nil	198,000
	2021	198,000	nil	nil	nil	nil	198,000
<b>John Wenger</b> <sup>2</sup> CFO	2022	68,400	nil	nil	nil	nil	68,400
	2021	68,400	nil	nil	nil	nil	68,400
<b>Carl Swensson</b> <sup>3</sup> Former VP Exploration & Director of Subsidiaries	2022	74,607	nil	nil	nil	nil	74,607
	2021	188,187	nil	nil	nil	nil	188,187
<b>Douglas Menzies</b> <sup>4</sup> VP Exploration	2022	123,738	nil	nil	nil	nil	123,738
	2021	nil	nil	nil	nil	nil	nil
<b>Cecil R. Bond</b> <sup>5</sup> Director	2022	24,000	nil	nil	nil	nil	24,000
	2021	24,000	nil	nil	nil	nil	24,000
<b>Tero Kosonen</b> <sup>6</sup> Director & Director of Subsidiaries	2022	12,000	nil	nil	nil	nil	12,000
	2021	12,000	nil	nil	nil	nil	12,000
<b>Dr. Stuart Smith</b> <sup>7</sup> Director	2022	60,000	nil	nil	nil	nil	60,000
	2021	60,000	nil	nil	nil	nil	60,000
<b>Wendell Zerb</b> <sup>8</sup> Chairman & Director	2022	60,000	nil	nil	nil	nil	60,000
	2021	60,000	nil	nil	nil	nil	60,000

1. Alistair Waddell was appointed a director on February 1, 2018 and Chief Executive Officer and President on May 9, 2018. He was appointed a director of Australian Consolidated Gold Holdings Pty Ltd and ACGH II Pty Ltd on August 8, 2019, and as a director of Romardo Copper (NSW) Pty Ltd on February 11, 2020.
2. John Wenger was appointed as Chief Financial Officer on October 1, 2020.

3. Carl Swensson served as Vice President of Exploration from February 1, 2018 to January 31, 2022. He was appointed as a director of Australian Consolidated Gold Holdings Pty Ltd on June 23, 2017, as a director of ACGH II Pty Ltd on January 8, 2018, and as a director of Romardo Copper (NSW) Pty Ltd on February 11, 2020. During each of the most recently completed and comparative financial years, Mr. Swensson's remuneration, denominated in Australian dollars ("**AUD**"), was paid to Swensson Integrated Resource Management ("**Swensson IRM**"), a company beneficially owned by Mr. Swensson. Fees paid in the most recently completed financial year of AUD 82,000, were translated at \$0.9098, the average rate for the year ended September 30, 2022, and fees paid for the comparative year of AUD 198,000 were translated at \$0.9504, the average rate for the year ended September 30, 2021.
4. Douglas Menzies was appointed Vice President of Exploration on February 1, 2022. Mr. Menzies' remuneration, denominated in AUD, was paid to GeoInsite Pty Ltd ("**GeoInsite**"), a company beneficially owned by Mr. Menzies. Fees paid in the most recently completed financial year of AUD 136,000, were translated at \$0.9098, the average rate for the year ended September 30, 2022. There was no amount paid to Mr. Menzies, or a company in which he has beneficial control in his capacity as an officer of the Company in the comparative year.
5. Cecil R. Bond was appointed a director on March 20, 2019.
6. Tero Kosonen was appointed a director on March 20, 2019. He was appointed a director of Australian Consolidated Gold Holdings Pty Ltd and ACGH II Pty Ltd on August 8, 2019, and a director of Romardo Copper (NSW) Pty Ltd on February 11, 2020.
7. Dr. Stuart Smith was appointed a director on March 20, 2019.
8. Wendell Zerb was appointed a director on March 20, 2019 and Chair on December 10, 2019.

### **External Management Companies**

Other than as described below, none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

Pursuant to a service agreement with GeoInsite dated February 1, 2022 and amended on February 6, 2023 between the Company and GeoInsite (the "**Menzies Agreement**"), the Company engaged Douglas Menzies, through GeoInsite, to provide various services in connection with performing the function of Vice President, Exploration to the Company.

Pursuant to a service agreement with Swensson IRM dated February 1, 2022 between the Company and Swensson IRM (the "**QP Agreement**"), the Company engaged Mr. Swensson, through Swensson IRM, to provide various services in connection with performing the function of Qualified Person ("**QP**") to the Company and to continue to serve as a director of the Company's Australian subsidiaries.

Pursuant to a service agreement with Swensson dated January 1, 2020 between the Company and Swensson IRM (the "**Swensson Agreement**"), the Company engaged Mr. Swensson, through Swensson IRM, to provide various services in connection with performing the function of Vice President, Exploration to the Company. This agreement terminated on December 31, 2021.

### **Stock Options and Other Compensation Securities**

During the financial year ended September 30, 2022, 1,350,000 stock options were granted to NEOs and directors of the Company. The following table discloses all compensation securities granted or issued to each Named Executive Officer and director by the Company in the financial year ended September 30, 2022:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant m/d/y	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date m/d/y
<b>Alistair Waddell</b> <sup>1</sup> CEO, President & Director and Director of Subsidiaries	stock options	175,000	03/02/22	\$0.12	\$0.09	\$0.17	03/02/27
<b>John Wenger</b> <sup>2</sup> CFO	stock options	175,000	03/02/22	\$0.12	\$0.09	\$0.17	03/02/27
<b>Cecil R. Bond</b> <sup>3</sup> Director	stock options	175,000	03/02/22	\$0.12	\$0.09	\$0.17	03/02/27
<b>Tero Kosonen</b> <sup>4</sup> Director and Director of Subsidiaries	stock options	175,000	03/02/22	\$0.12	\$0.09	\$0.17	03/02/27
<b>Dr. Stuart Smith</b> <sup>5</sup> Director	stock options	175,000	03/02/22	\$0.12	\$0.09	\$0.17	03/02/27
<b>Wendell Zerb</b> <sup>6</sup> Chairman & Director	stock options	175,000	03/02/22	\$0.12	\$0.09	\$0.17	03/02/27
<b>Carl Swensson</b> <sup>7</sup> Former VP Exploration and Director of Subsidiaries	stock options	nil	03/02/22	\$0.12	\$0.09	\$0.17	03/02/27
<b>Douglas Menzies</b> <sup>8</sup> VP Exploration	stock options	300,000	03/02/22	\$0.12	\$0.09	\$0.17	03/02/27

1. At September 30, 2022, Mr. Waddell held a total of 810,000 stock options to purchase 810,000 common shares, all of which are fully vested.
2. At September 30, 2022, Mr. Wenger held a total of 425,000 stock options to purchase 425,000 common shares, all of which are fully vested.
3. At September 30, 2022, Mr. Bond held a total of 710,000 stock options to purchase 710,000 common shares, all of which are fully vested.
4. At September 30, 2022, Mr. Kosonen held a total of 710,000 stock options to purchase 710,000 common shares, all of which are fully vested.
5. At September 30, 2022, Mr. Smith held a total of 710,000 stock options to purchase 710,000 common shares, all of which are fully vested.
6. At September 30, 2022, Mr. Zerb held a total of 810,000 stock options to purchase 810,000 common shares, all of which are fully vested.
7. At September 30, 2022, Mr. Swensson held a total of 535,000 stock options to purchase 535,000 common shares, all of which are fully vested.
8. At September 30, 2022, Mr. Menzies held a total of 300,000 stock options to purchase 300,000 common shares, all of which are fully vested.

During the financial year ended September 30, 2021, 250,000 stock options were granted to NEOs and directors of the Company. The following table discloses all compensation securities granted or issued to each Named Executive Officer and director by the Company in the financial year ended September 30, 2021:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant m/d/y	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date m/d/y
<b>Alistair Waddell</b> <sup>1</sup> CEO, President & Director and Director of Subsidiaries	stock options	nil	n/a	n/a	n/a	n/a	n/a
<b>John Wenger</b> <sup>2</sup> CFO	stock options	250,000	10/01/20	\$0.47	\$0.47	\$0.165	10/01/25
<b>Cecil R. Bond</b> <sup>3</sup> Director	stock options	nil	n/a	n/a	n/a	n/a	n/a
<b>Tero Kosonen</b> <sup>4</sup> Director and Director of Subsidiaries	stock options	nil	n/a	n/a	n/a	n/a	n/a
<b>Dr. Stuart Smith</b> <sup>5</sup> Director	stock options	nil	n/a	n/a	n/a	n/a	n/a
<b>Wendell Zerb</b> <sup>6</sup> Chairman & Director	stock options	nil	n/a	n/a	n/a	n/a	n/a
<b>Carl Swensson</b> <sup>7</sup> Former VP Exploration and Director of Subsidiaries	stock options	nil	n/a	n/a	n/a	n/a	n/a

1. At September 30, 2021, Mr. Waddell held a total of 635,000 stock options to purchase 635,000 common shares, all of which are fully vested.
2. At September 30, 2021, Mr. Wenger held a total of 250,000 stock options to purchase 250,000 common shares, all of which are fully vested.
3. At September 30, 2021, Mr. Bond held a total of 535,000 stock options to purchase 535,000 common shares, all of which are fully vested.
4. At September 30, 2021, Mr. Kosonen held a total of 535,000 stock options to purchase 535,000 common shares, all of which are fully vested.
5. At September 30, 2021, Mr. Smith held a total of 535,000 stock options to purchase 535,000 common shares, all of which are fully vested.
6. At September 30, 2021, Mr. Zerb held a total of 635,000 stock options to purchase 635,000 common shares, all of which are fully vested.
7. At September 30, 2021, Mr. Swensson held a total of 535,000 stock options to purchase 535,000 common shares, all of which are fully vested.

The Company does not provide any retirement benefits for its directors or officers; nor does it have any long-term incentive plans.

### ***Exercise of Compensation Securities by NEOs and Directors***

None of the NEOs or directors of the Company exercised any compensation securities during the two most recently completed financial years.

### **Stock Option Plan and Other Incentive Plans**

The Company has a Stock Option Plan dated for reference March 21, 2019 (the “**Option Plan**”). The Option Plan is a rolling plan under which options totaling a maximum of 10% of the Common Shares outstanding from time to time are available for grant.

The Option Plan was effective immediately upon the approval of the Board on March 21, 2019, when the Company was a non-reporting issuer. The Company became listed on the Canadian Securities Exchange effective July 16, 2020 and the Option Plan was approved by the shareholders of the Company on December 8, 2020. Under the policies of the CSE, no additional shareholder approval is required.

The purpose of the Option Plan is to offer to the Company’s directors, officers, employees and consultants (and those of its affiliates) the opportunity to acquire a proprietary interest in the Company, thereby providing an incentive to such persons to promote the best interests of the Company, and to provide the Company with the ability to attract qualified persons as directors, officers and employees.

The Option Plan is administered by the Company’s directors. The material terms of the Option Plan are as follows:

1. The aggregate maximum number of options which may be granted under the Option Plan at any one time is 10% of the number of Shares the Company has outstanding at the time of grant.
2. The term of any options granted under the Option Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of ten years, with the exception of any options extended due to a Blackout Period (as defined in the Option Plan).
3. The exercise price of any options granted under the Option Plan will be determined by the Board, in its sole discretion, but shall not be less than the greater of: (i) the closing price of the Company’s Shares on the trading day preceding the day on which the directors grant such options; and (ii) the closing price of the Company’s Shares on the date of grant of such options.
4. The Board may impose vesting periods on any options granted.
5. Options granted to persons who perform investor relations services shall vest in stages over not less than 12 months and no more than one-quarter (1/4) of such options may be vested in any three (3) month period.
6. All options will be non-assignable and non-transferable (except upon the death of an option holder, in which case any outstanding options may be exercised by the option holder’s successors).
7. If an option expires or terminates for any reason without having been exercised in full, the un-purchased Shares subject thereto shall again be available for the purposes of the Option Plan.
8. The Board shall not grant options to any one person in a 12 month period which will, when exercised, exceed 5% of the issued and outstanding Shares of the Company (calculated at the date such options are granted); or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding Shares of the Company, calculated at the date such options are granted.
9. If the option holder ceases to be a service provider of the Company (other than by reason of death, disability or termination for just cause), then the option granted shall expire on no later than the 90<sup>th</sup> day following the date that the option holder ceases to be a service provider of the Company, subject to the terms and conditions set out in the Option Plan. If the option holder’s position as a director, officer, employee or consultant is terminated for just cause, then the option granted shall expire the date of termination for just cause.
10. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders or any increase



in the number of Shares reserved for issuance pursuant to options previously granted, within a 12 month period, exceeding 10% of the Company's issued Shares at the time of the grant of the options; (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Company's issued Shares; and (iv) any individual option event that would result in the limitations set out in items (ii) or (iii) being exceeded.

11. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

### **Employment, Consulting and Management Agreements**

The Company has executed a management agreement (the "**Waddell Agreement**") with Alistair Waddell for his services as Chief Executive Officer and President effective January 1, 2020 for no fixed term. As compensation for the services to be provided, Mr. Waddell will receive a monthly salary of \$16,500. The Agreement may be terminated (i) by resignation by Mr. Waddell with two months advance written notice; (ii) by termination without cause by the Company at any time, with payment of severance equal to six months compensation; (iii) by resignation by Mr. Waddell with two weeks written notice for "Good Cause," defined as various events or circumstances which would constitute a constructive dismissal at common law, with payment of severance equal to three months compensation; and (iv) by termination for just cause by the Company at any time, in any such event no severance is payable. If within 12 months following a change of control of the Company, (i) Mr. Waddell's employment is terminated by the Company without cause; or (ii) Mr. Waddell resigns with or without Good Cause, then in either case, he will receive as severance an amount equal to 24 months compensation.

The Company has executed a management agreement (the "**Wenger Agreement**") with John Wenger for his services as Chief Financial Officer effective October 1, 2020 for no fixed term. As compensation for the services to be provided, the Mr. Wenger will receive a monthly salary of \$5,700. The Wenger Agreement may be terminated (i) by resignation by Mr. Wenger with two months advance written notice; (ii) by termination without cause by the Company at any time, with payment of severance equal to two months compensation; (iii) by resignation by Mr. Wenger with two weeks written notice for "Good Cause," defined as various events or circumstances which would constitute a constructive dismissal at common law, with payment of severance equal to one month's Compensation; and (iv) by termination for just cause by the Company at any time, in any such event no severance is payable. If within 12 months following a change of control of the Company, (i) Mr. Wenger's employment is terminated by the Company without cause; or (ii) Mr. Wenger resigns with or without Good Cause, then in either case, he will receive as severance an amount equal to 24 months compensation.

The Company has executed the Menzies Agreement, effective February 1, 2022 for a two-year term. As compensation for the services to be provided, the Mr. Menzies will receive a monthly fee of AUD17,000. The Menzies Agreement may be terminated (i) by resignation by Mr. Menzies with two months advance written notice; (ii) by termination without cause by the Company at any time, with payment of severance equal to one month's compensation; and (iii) by termination for just cause by the Company at any time, in any such event no severance is payable. On February 6, 2023, the monthly fee was amended to AUD23,000 effective March 1, 2023.

The Company has executed the QP Agreement, effective February 1, 2022 for no fixed term. As compensation for the services to be provided, the Mr. Swensson will receive a monthly fee of AUD2,000. The QP Agreement may be terminated (i) by resignation by Mr. Swensson with one month's advance written notice; (ii) by termination without cause by the Company at any time; and (iii) by termination for just cause by the Company at any time.

The Company had executed the Swensson Agreement, effective January 1, 2020 for a two-year term that expired on December 31, 2021. As compensation for the services provided, Mr. Swensson received a monthly fee of AUD16,500 (the "**Monthly Compensation**"). The Swensson Agreement provided that it could be terminated (i) by resignation by Mr. Swensson with two months advance written notice; (ii) by termination without cause by the Company at any time, with payment of severance equal to four months Compensation; (iii) by resignation by Mr. Swensson with two weeks written notice for "Good Cause," defined as various events or circumstances which would constitute a constructive dismissal at common law, with payment of severance equal to three months Compensation; and (iv) by termination for just cause by the Company at any time, in any such event

no severance is payable. The agreement also provided that if within 12 months following a change of control of the Company, (i) Mr. Swensson's employment was terminated by the Company without cause; or (ii) Mr. Swensson resigned with or without Good Cause, then in either case, he would have received as severance an amount equal to 24 months compensation.

## **Oversight and Description of Director and Named Executive Officer Compensation**

### *Elements of the Compensation Program*

The responsibilities relating to executive and director compensation, including reviewing and recommending compensation of the Company's officers and employees and overseeing the Company's base compensation structure and equity-based compensation program is performed by the Board as a whole. The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board generally reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity and the performance of officers generally and in light of the Company's goals and objectives.

The Company is a small junior resource company with limited resources. The compensation for senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including: (a) attracting and retaining talented, qualified and effective executives; (b) motivating the short and long-term performance of executives; and (c) better aligning the interests of executive officers with those of the Company's shareholders. In the Board's view, paying salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on comparable companies is compiled from a variety of sources, including national and international publications.

The Board determines the compensation for the CEO. The compensation of the Company's executives is determined by the Board after the recommendation of the CEO. In each case, the Board takes into consideration the prior experience of the executive, industry standards, competitive salary information on comparable companies of similar size and stage of development, the degree of responsibility and participation of the executive in the day-to-day affairs of the Company, and the Company's available cash resources.

In the Board's view, to attract and retain qualified and effective executives, the Company must pay base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates.

The Board has assessed the Company's compensation plans and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

### **Executive Compensation**

Except for the grant of incentive stock options to the NEOs and any compensation payable pursuant to an executive compensation agreement between the CEO or CFO and the Company, there are no arrangements under which NEOs were compensated by the Company during the two most recently completed financial years for their services in their capacity as NEOs, directors or consultants.

### **Director Compensation**

The Company has instituted a Board compensation program to pay cash compensation to the directors for acting in their capacity as directors of the Company.

The Company has agreed to pay the following director's fees on a monthly basis effective October 1, 2020: (i) \$1,500 to Cecil R. Bond for his services as a director and Chair of the Audit Committee; (ii) \$1,000 to Tero Kosonen for his services as a director; (iii) \$5,000 to Dr. Stuart Smith for his services as a director and Chair of the Technical Committee; and (iv) \$5,000 to Wendell Zerb for his services as a director and Chairman of the Company. This Board compensation will be reviewed on an annual basis or more frequently, from time to time as required, depending on the Company's financial position and ability to pay the director's fees.

Except for the grant of stock options and the aforementioned cash payments, there were no arrangements under which directors were compensated by the Company for their services in their capacity as directors during the two most recently completed financial years.

### **Option-Based Awards**

The Company has a stock option plan in place, which was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. The Board administers the Company's stock option plan and all option grants require Board approval. The Option Plan allows options to be issued to directors, officers, employees or consultants of the Company.

In compensating its senior management, the Company employs a combination of salary and equity participation. The Board is of the view that encouraging its executives and employees to hold shares of the Company is the best way to align their interests with those of the Company's shareholders. Equity participation is accomplished through the Company's stock option plan. See "Stock Options and Other Compensation Securities" above.

Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and competitive factors. The amounts and terms of options granted are determined by the Board based on recommendations put forward by the CEO. Due to the Company's limited financial resources, option grants are an important part of executive compensation to assist in maintaining executive motivation.

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

### **Pension Plan**

The Company does not have a pension plan for any of its Directors or NEOs.

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

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the date of completion of the two most recent fiscal years or as at the date hereof.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or could have materially affected the Company during the financial years ended September 30, 2022 and September 30, 2021, or has any interest in any material transaction in the current year other than as set out under “Employment, Consulting and Management Agreements” above and herein below.

- a) As at September 30, 2022, the Company owed \$17,221 (2021: \$43,952) for unpaid management services, salaries and expenses to directors, officers and companies owned by directors and officers as set out in the following table:

Name	September 30, 2022 (\$)	September 30, 2021 (\$)
Alistair Waddell / Waddell Consulting Inc.	Nil	11,295
Wendell Zerb	346	3,937
Tero Kosonen	Nil	3,000
Dr. Stuart Smith	Nil	4,142
Cecil R. Bond	Nil	490
John Wenger	Nil	4,328
Carl Swensson / Swensson Integrated Resource Management <sup>(1)</sup>	1,776	16,609
Douglas Menzies / GeoInsite Pty Ltd <sup>(1)</sup>	15,099	Nil
OCP Holdings Ltd.	Nil	151
<b>Total</b>	<b>17,221</b>	<b>43,952</b>

(1) Translated at the year end rate of \$0.8882 (September 30, 2021: \$0.9162).

- b) On May 14, 2021, Waddell Consulting Inc. participated in a private placement to acquire 50,000 units priced at \$0.32 for a total investment of \$16,000. Each unit consists of one common share and one-half of a common share purchase warrant, with each whole warrant exercisable at \$0.50 per share until May 14, 2023.
- c) On May 14, 2021, Wendell Zerb participated in a private placement to acquire 160,000 units priced at \$0.32 for a total investment of \$51,200. Each unit consists of one common share and one-half of a common share purchase warrant, with each whole warrant exercisable at \$0.50 per share until May 14, 2023.
- d) On May 14, 2021, Tero Kosonen participated in a private placement to acquire 155,000 units priced at \$0.32 for a total investment of \$49,600. Each unit consists of one common share and one-half of a common share purchase warrant, with each whole warrant exercisable at \$0.50 per share until May 14, 2023.
- e) On August 10, 2022, Wendell Zerb participated in a private placement to acquire 300,000 units priced at \$0.10 for a total investment of \$30,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.15 per share until August 10, 2024.
- f) On August 10, 2022, John Wenger participated in a private placement to acquire 100,000 units priced at \$0.10 for a total investment of \$10,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.15 per share until August 10, 2024.

## MANAGEMENT CONTRACTS

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

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

### **A. Advance Notice Policy**

#### ***Background***

On April 14, 2023, the Board adopted an advance notice policy with immediate effect, a copy of which was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on April 14, 2023 (the “**Advance Notice Policy**”). In order for the Advance Notice Policy to remain in effect following termination of the Meeting, the Advance Notice Policy must be ratified, confirmed and approved at the Meeting by ordinary resolution of shareholders, as set forth more fully below.

#### ***Purpose of the Advance Notice Policy***

The purpose of the Advance Notice Policy is to provide shareholders, directors and management of the Corporation with direction on the procedure for shareholder nomination of directors. The Advance Notice Policy is the framework by which the Corporation seeks to fix a deadline by which holders of record of Common Shares must submit director nominations to the Corporation prior to any annual general or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

#### ***Effect of the Advance Notice Policy***

Subject to the BCBCA and the Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual general meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors: (a) by or at the direction of the Board, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the BCBCA, or a requisition of the shareholders made in accordance with the provisions of the BCBCA; or (c) by any person (a “Nominating Shareholder”): (A) who, at the close of business on the date of the giving of the notice provided for below in the Advance Notice Policy and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in the Advance Notice Policy.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation.

To be timely, a Nominating Shareholder’s notice to the Secretary of the Corporation must be made: (a) in the case of an annual general meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is less than 40 days after the date (the “Notice Date”) on which the first public announcement of the date of the annual general meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10th) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual general meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described above.

To be in proper written form, a Nominating Shareholder’s notice to the Secretary of the Corporation must set forth: (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors

pursuant to the BCBCA and Applicable Securities Laws (as defined below); and (b) as to the Nominating Shareholder giving the notice, the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the BCBCA and Applicable Securities Laws.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation in accordance with Applicable Securities Laws and the rules of any stock exchange on which the securities of the Corporation are then listed of trading or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice Policy; provided, however, that nothing in the Advance Notice Policy shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the BCBCA. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

For purposes of the Advance Notice Policy: (a) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and (b) "Applicable Securities Laws" means the Securities Act (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each applicable provinces and territories of Canada.

Notwithstanding any other provision of the Advance Notice Policy, notice or any delivery given to the Secretary of the Corporation pursuant to the Advance Notice Policy may only be given by personal delivery, facsimile transmission or by email (provided that the Secretary of the Corporation has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

Notwithstanding the foregoing, the Board may, in its discretion, waive any requirement set out in the Advance Notice Policy.

#### ***Confirmation and Approval of Advance Notice Policy by Shareholders***

If the Advance Notice Policy is confirmed at the Meeting by ordinary resolution of shareholders, the Advance Notice Policy will continue to be in full force and effect in accordance with its terms. If the Advance Notice Policy is not confirmed at the Meeting, the Advance Notice Policy will terminate and be of no further force or effect following termination of the Meeting.

Based on the foregoing, Shareholders are being requested to consider and, if thought advisable, to pass the following ordinary resolution ratifying, confirming and approving the Corporation's Advance Notice Policy:

**"BE IT RESOLVED** that:

1. the Corporation's Advance Notice Policy (the "Advance Notice Policy") as filed on SEDAR at [www.sedar.com](http://www.sedar.com) on April 14, 2023, be and is hereby ratified, confirmed and approved;

2. the board of directors of the Corporation be authorized in its absolute discretion to administer the Advance Notice Policy; and
3. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions.”

The Board has concluded that the Advance Notice Policy is in the best interests of the Corporation and its shareholders. Accordingly, the Board unanimously recommends that the shareholders ratify, confirm and approve the Advance Notice Policy by voting FOR the Advance Notice Policy Resolution at the Meeting.

**Proxies received in favour of Management will be voted in favour of the Advance Notice Policy Resolution, unless the shareholder has specified in the proxy that his or her common shares are to be voted against such Resolution.**

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company’s comparative financial statements and management discussion and analysis for its two most recently completed financial year ended September 30, 2022 and September 30, 2021. The Company will provide to any person or company, upon request to the Corporate Secretary of the Company at 1210 – 1130 West Pender Street, Vancouver, British Columbia, V6E 4A4, Telephone: (604) 681-9100, Fax: (604) 681-9101, one copy of the comparative financial statements of the Company filed with the applicable securities regulatory authorities for the Company the most recently completed financial year in respect for which such financial statements have been issued, together with the report of the auditor, related management’s discussion and analysis and any interim financial statements of the Company filed with the applicable securities regulatory authorities subsequent to the filing of the annual financial statements.

Copies of the above documents will be provided free of charge to security holders of the Company. The Company may require payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document. These documents are also available under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **OTHER MATTERS**

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

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

**DATED** at Vancouver, British Columbia this 14<sup>th</sup> day of April, 2023.

### **BY ORDER OF THE BOARD**

*“Alistair Waddell”*

**Alistair Waddell**  
**President and Chief Executive Officer**

SCHEDULE "A"

Audit Committee Charter  
**INFLECTION RESOURCES LTD.**  
**(the "Corporation")**

**AUDIT COMMITTEE CHARTER**

**1. Mandate**

The audit committee will assist the board of directors of the Corporation (the "**Board**") in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the audit committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each audit committee member must obtain an understanding of the principal responsibilities of audit committee membership as well and the Corporation's business, operations and risks.

**2. Composition**

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Corporation. The audit committee will consist of a minimum of three directors.

*2.1 Independence*

A majority of the members of the audit committee must not be officers, employees or control persons of the Corporation or of an affiliate of the Corporation.

*2.2 Expertise of Committee Members*

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the audit committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

**3. Meetings**

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Corporation's Chief Financial Officer and external auditors in separate executive sessions.

**4. Roles and Responsibilities**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

*4.1 External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the



purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;

- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- (a) review and approve the interim financial statements prior to their release to the public; and

- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

*Release of Financial Information*

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the audit committee.

*Delegation of Authority*

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

*De-Minimis Non-Audit Services*

- (a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
  - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided;
  - (ii) the Corporation and its subsidiaries did not recognize the services as non-audit services at the time of the engagement; and
  - (iii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

*Pre-Approval Policies and Procedures*

- (a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
  - (i) the pre-approval policies and procedures are detailed as to the particular service;
  - (ii) the audit committee is informed of each non-audit service; and
  - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board; and
- (g) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

#### *4.6 Reporting Responsibilities*

The audit committee shall regularly update the Board about audit committee activities and make appropriate recommendations.

### **5. Resources and Authority of the Audit Committee**

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

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

### **6. Guidance – Roles & Responsibilities**

The following guidance is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

#### *6.1 Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external

auditors have been implemented by management.

## 6.2 *Financial Reporting*

### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Corporation's adoption of them.

### *Annual Financial Statements*

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

### *Interim Financial Statements*

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors (where considered necessary), either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the Corporation's operations and financing practices;
  - (iii) generally accepted accounting principles have been consistently applied;
  - (iv) there are any actual or proposed changes in accounting or financial reporting practices;

- (v) there are any significant or unusual events or transactions;
- (vi) the Corporation's financial and operating controls are functioning effectively;
- (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
- (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 *Other Responsibilities*

- (a) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.