

**INFORMATION CIRCULAR**  
as at August 22, 2023, *except as otherwise indicated*

This Information Circular is furnished in connection with the solicitation of proxies by the management of Headwater Gold Inc. (the “Company”) for use at the annual general meeting (the “Meeting”) of the Company’s shareholders to be held on September 28, 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 Headwater Gold Inc. “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name, and “intermediaries” refers to brokers, investment firms, clearing houses, and similar entities that own securities on behalf of Beneficial Shareholders.

**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.

There are two types of Beneficial Shareholders – those who object to their name being made known to the issuers of securities which they own (called “**OBOs**” or “**Objecting Beneficial Owners**”) and those who do not object to the issuers of the securities they own knowing who they are (called “**NOBOs**” or “**Non-Objecting Beneficial Owners**”).

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.

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

#### **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.

#### **Notice-and-Access**

The Company is not sending the meeting materials to shareholders using “notice-and-access”, as defined under NI 54-101.

#### **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 August 22, 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 62,214,115 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.	12,038,443	19.35%

## 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

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of Directors of the Company at five (5).

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 August 22, 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>CALEB STROUP</b> Reno, United States President, CEO and Director	Geologist and Businessman. Senior Geologist at Kinross Gold USA from May 2015 to August 2018. Director and officer of several private mineral exploration companies.	President and Director since May 16, 2019  CEO since March 1, 2021	2,666,052 5.73% <sup>(3)</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>(1)</sup>
<b>ALISTAIR WADDELL</b> British Columbia, Canada Executive Chair and Director	Geologist and director and officer of several mining and mineral exploration companies. President, CEO and Director of Inflection Resources Ltd. from February 2018 to present. Director of Precipitate Gold Corp. from March 2016 to present. Director of Palimina Corp. from November 2017 to present. Director of North Stawell Minerals from July 2020 to present. Director of Winshear Gold Corp. from September 2019 to September 2022.	Executive Chair and Director since January 14, 2019  CEO from September 1, 2019 to March 1, 2021	1,733,001 <sup>(4)</sup> 4.00% <sup>(5)</sup>
<b>TERO KOSONEN<sup>(2)</sup></b> British Columbia, Canada Director	Businessman and director and officer of several companies in various industries, including mining. Director of Inflection Resources Ltd. from March 2019 to present. In 2017, Co-Founded OCP Holdings Ltd., a venture capital group investing in mineral exploration opportunities globally.	Since May 16, 2019	2,155,723 <sup>(6)</sup> 4.61% <sup>(7)</sup>
<b>WENDELL ZERB<sup>(2)</sup></b> British Columbia, Canada Director	Geologist and Businessman. Chairman and Director of Inflection Resources Ltd. from March 2019 to present. Chairman, President and CEO of Red Canyon Resources Ltd. from October 2020 to present.	Since July 27, 2020	925,000 2.29% <sup>(8)</sup>
<b>GRAEME CURRIE<sup>(2)</sup></b> British Columbia, Canada Director	Chair and Director of Pure Gold Mining Inc. from March 2014 to March 2023. Director of Balmoral Resources Ltd. from January 2014 to May 2020.	Since November 1, 2020	300,000 1.24% <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) Includes the exercise of 930,000 stock options and 23,026 warrants.

(4) 28,000 Common Shares held directly and 1,705,001 Common Shares owned by Waddell Consulting Inc., a private British Columbia company owned by Mr. Waddell. In addition, Mr. Waddell is a director of and holds a greater than 25% interest in OCP Holdings Ltd., a private British Columbia company that owns 12,038,443 Common Shares.

(5) Includes the exercise of 775,000 stock options and 12,500 warrants.

(6) 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 12,038,443 Common Shares.

(7) Includes the exercise of 750,000 stock options.

(8) Includes the exercise of 500,000 stock options and 12,500 warrants.

(9) Includes the exercise of 475,000 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

Other than as disclosed below, 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.

Other than as disclosed below, 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.

Graeme Currie was a director of Pure Gold Mining Inc. (“Pure Gold”) until March 30, 2023. Pure Gold owns the Madsen Mining property, located near Red Lake Ontario. After redeveloping the property and processing facilities, Pure Gold experienced significant start up and operational difficulties. Consequently, on October 31, 2022, Pure Gold applied for and received an initial order for creditor protection from the Supreme Court of British Columbia (the “Court”) under the Companies’ Creditors Arrangement Act (the “CCAA”). KSV Restructuring Inc. was appointed as the monitor. On November 10, 2022, the Court approved a Sales and Investment Solicitation Process Order, among other relief. On March 30, 2023, the Court approved Pure Gold’s appointment of a Chief Administrative Officer and all members of the Pure Gold board of directors resigned immediately. Pure Gold’s common shares were suspended from trading on the NEX Board of the TSX Venture Exchange. The CCAA proceeding resulted in the sale of Pure Gold.

### **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**

Manning Elliott LLP, Chartered Professional Accountants, of Vancouver, British Columbia, are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Manning Elliott LLP as the auditors of the Company to hold office for the ensuing year, at a remuneration to be fixed by the Directors.

### **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 Tero Kosonen (Chair), Graeme Currie and Wendell Zerb. Tero Kosonen, by reason of being president, a director and shareholder of OCP Holdings Ltd. ("OCP"), a significant shareholder, is not an independent member of the Audit Committee. Graeme Currie and Wendell Zerb are independent directors as defined in National Instrument 52-110. 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 of Directors 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.

*Tero Kosonen:* Mr. Kosonen holds a Master's degree in Economics from the University of Tampere in Finland (1993). He has over 25 years of experience in regional management roles, entrepreneurial ventures and investments in natural resources and is a co-founder, President and director of OCP Holdings Ltd., a private equity/venture capital group investing in mineral exploration opportunities globally. He has also served as a director of a public company and is familiar with the financial reporting requirements applicable to public companies in Canada.

*Graeme Currie:* Mr. Currie has over three decades of industry experience directed specifically on junior exploration and development companies worldwide and has extensive knowledge of the capital markets as it relates to the mineral exploration and mining industry. He has also served in executive management roles, as a director and officer of public companies. He 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 public companies. He is familiar with the financial reporting requirements applicable to public companies in Canada.

### **Audit Committee Oversight**

The Audit Committee was established on February 12, 2021 and will, among other things, make recommendations to the Board of Directors to nominate or compensate an external auditor. The Audit

Committee has recommended that Manning Elliott LLP, Chartered Professional Accountants, be appointed as the auditor 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 February 28, 2023 and February 28, 2022 with respect to the Company, by category, are as follows:

<b>Financial Year Ended</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
February 28, 2023	\$69,500	nil	nil	nil
February 28, 2022	\$47,500	nil	\$12,500	nil

## **CORPORATE GOVERNANCE**

### **General**

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The board of directors is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### **Board of Directors**

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

The Board of Directors facilitates its exercise of independent judgment in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board of Directors requires management to provide complete and accurate information with respect to the Company’s activities and to provide relevant information concerning the mineral exploration industry in order to identify and manage risks. The Board of Directors is responsible for monitoring the Company’s senior officers, who in turn are responsible for the maintenance of internal controls and management information systems.

The independent members of the Board of Directors are Graeme Currie and Wendell Zerb. Caleb Stroup, by reason of being President and CEO of the Company, Alistair Waddell, by reason of being Executive Chairman



of the Company and a director and shareholder of OCP, a significant shareholder, and Tero Kosonen, by reason of being president, a director and shareholder of OCP, are non-independent members of the Board of Directors.

### **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:

<b>Name</b>	<b>Reporting Issuer</b>	<b>Exchange or Market and Trading Symbol</b>
Tero Kosonen	Inflection Resources Ltd.	CSE: AUCU
Alistair Waddell	Inflection Resources Ltd. Palamina Corp. Precipitate Gold Corp. North Stawell Minerals	CSE: AUCU TSX.V: PA TSX.V: PRG ASX: NSM
Wendell Zerby	Inflection Resources Ltd.	CSE: AUCU

### **Orientation and Continuing Education**

Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Company's records and management provide regular updates to the Board members on financial, technical and other information as relevant.

### **Ethical Business Conduct**

While Headwater has not adopted a written code of business conduct and ethics, the Board will from time to time discuss and emphasize the importance of matters relating to conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of any illegal or unethical behaviour.

### **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 of Directors. 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 of Directors 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 of Directors 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 May 16, 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 February 28, 2023 fiscal year end, the number of issued and outstanding Common Shares was 62,114,115 Common Shares and therefore the number of Common Shares available to be reserved for issuance upon exercise of options under the Option Plan was 6,211,411 Common Shares.

The following table sets out equity compensation plan information as at the February 28, 2023 fiscal year end:

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)
Equity compensation plans approved by securityholders – the Option Plan.	5,400,000	\$0.22	811,411
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>5,400,000</b>		<b>811,411</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 of directors of the Company (the “Board”) for the most recently completed financial years ended February 28, 2023 and February 28, 2022. Options and compensation securities are disclosed under the heading “**Stock Options and Other Compensation Securities**” below.

During the financial year ended February 28, 2023, the Company had three individuals who were Named Executive Officers, namely (i) Caleb Stroup, who was appointed Chief Executive Officer of the Company on March 1, 2021; (ii) Sandra Wong, who was appointed Chief Financial Officer of the Company on January 4, 2021; and (iii) Gregory Dering, who was appointed Vice President, Exploration of the Company on September 1, 2022.

During the financial year ended February 28, 2022, the Company had two individuals who were Named Executive Officers, namely (i) Caleb Stroup; and (ii) Sandra Wong.

#### 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 February 28, 2023 and February 28, 2022:

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>Caleb Stroup</b> <sup>1</sup> CEO, President, Director & Director of Subsidiary	2023	208,847	52,540	nil	nil	nil	261,387
	2022	195,462	nil	nil	nil	nil	195,462
<b>Sandra Wong</b> <sup>2</sup> CFO and Corporate Secretary	2023	78,000	nil	nil	nil	nil	78,000
	2022	69,000	nil	nil	nil	nil	69,000
<b>Gregory Dering</b> <sup>3</sup> VP Exploration	2023	193,108	nil	nil	nil	nil	193,108
	2022	138,879	nil	nil	nil	nil	138,879
<b>Alistair Waddell</b> <sup>4</sup> Chairman, Director & Director of Subsidiary	2023	70,000	nil	nil	nil	nil	70,000
	2022	60,000	nil	nil	nil	nil	60,000
<b>Tero Kosonen</b> <sup>5</sup> Director & Director of Subsidiary	2023	24,000	nil	nil	nil	nil	24,000
	2022	24,000	nil	nil	nil	nil	24,000
<b>Wendell Zerb</b> <sup>6</sup> Director	2023	12,000	nil	nil	nil	nil	12,000
	2022	12,000	nil	nil	nil	nil	12,000
<b>Graeme Currie</b> <sup>7</sup> Director	2023	12,000	nil	nil	nil	nil	12,000
	2022	12,000	nil	nil	nil	nil	12,000

1. Caleb Stroup was appointed President and a director on May 16, 2019 and Chief Executive Officer on March 1, 2021. He was appointed President and a director of CP Holdings Corporation on June 3, 2019. During the most recently completed financial year, \$261,387 (US\$199,000) in consulting fees were paid to Hunter Gold LLC, a company beneficially owned by Mr. Stroup.
2. Sandra Wong was appointed Corporate Secretary on May 16, 2019 and Chief Financial Officer on January 4, 2021. During the most recently completed financial year, \$78,000 in salary was paid to Ms. Wong.
3. Gregory Dering was appointed Vice President, Exploration on September 1, 2022. During the most recently completed financial year, \$193,108 (US\$147,018) was paid to Mr. Dering.
4. Alistair Waddell was appointed Chairman and a director on January 14, 2019. He was appointed Chief Executive Officer on September 1, 2019 and served as Chief Executive Officer until March 1, 2021. He was appointed a director of CP Holdings Corporation on June 3, 2019. During the most recently completed financial year, \$60,000 in consulting fees and \$10,000 in previous year's fees was paid to Waddell Consulting Inc., a company beneficially owned by Mr. Waddell.
5. Tero Kosonen was appointed a director on May 16, 2019. He was appointed a director of CP Holdings Corporation on June 3, 2019. During the most recently completed financial year, \$24,000 in director fees were paid or accrued to Mr. Kosonen.
6. Wendell Zerb was appointed a director on July 27, 2020. During the most recently completed financial year, \$12,000 in director fees were paid to Mr. Zerb.
7. Graeme Currie was appointed a director on November 1, 2020. During the most recently completed financial year, \$12,000 in director fees were paid to Mr. Currie.

### 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.

Hunter Gold LLC was paid \$261,387 (US\$199,000) in connection with Caleb Stroup performing the function of President and Chief Executive Officer of the Company.

Waddell Consulting Inc. was paid \$70,000 in connection with Alistair Waddell performing the function of Chairman of the Company.

### Stock Options and Other Compensation Securities

During the financial year ended February 28, 2023, 225,000 stock options were granted to NEOs and a director 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 February 28, 2023:

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>Caleb Stroup</b> <sup>1</sup> President, CEO & Director and Director of Subsidiary	stock options	100,000	10/28/22	\$0.27	\$0.27	\$0.34	10/28/27
<b>Sandra Wong</b> <sup>2</sup> CFO and Corporate Secretary	stock options	250,000	10/28/22	\$0.27	\$0.27	\$0.34	10/28/27
<b>Gregory Dering</b> <sup>3</sup> CFO	stock options	100,000	10/28/22	\$0.27	\$0.27	\$0.34	10/28/27
<b>Alistair Waddell</b> <sup>4</sup> Chairman & Director and Director of Subsidiary	stock options	nil	n/a	n/a	n/a	n/a	n/a
<b>Tero Kosonen</b> <sup>5</sup> Director and Director of Subsidiary	stock options	nil	n/a	n/a	n/a	n/a	n/a
<b>Wendell Zerb</b> <sup>6</sup> Director	stock options	nil	n/a	n/a	n/a	n/a	n/a
<b>Graeme Currie</b> <sup>7</sup> Director	stock options	nil	n/a	n/a	n/a	n/a	n/a

1. At February 28, 2023, Mr. Stroup held a total of 930,000 stock options to purchase 930,000 common shares, all of which are fully vested.
2. At February 28, 2023, Ms. Wong held a total of 400,000 stock options to purchase 400,000 common shares, all of which are fully vested.
3. At February 28, 2023, Mr. Dering held a total of 455,000 stock options to purchase 455,000 common shares, all of which are fully vested.
4. At February 28, 2023, Mr. Waddell held a total of 775,000 stock options to purchase 775,000 common shares, all of which are fully vested.
5. At February 28, 2023, Mr. Kosonen held a total of 750,000 stock options to purchase 750,000 common shares, all of which are fully vested.
6. At February 28, 2023, Mr. Zerb held a total of 500,000 stock options to purchase 500,000 common shares, all of which are fully vested.
7. At February 28, 2023, Mr. Currie held a total of 400,000 stock options to purchase 400,000 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 most recently completed financial year.

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

The Company has a Stock Option Plan dated for reference May 16, 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 May 16, 2019, when the Company was a non-reporting issuer. The Company became listed on the Canadian Securities Exchange effective June 8, 2021 and the Option Plan was approved by the shareholders of the Company on September 30, 2022. Under the policies of the CSE, the Issuer must obtain shareholder approval of the Option Plan within three years after institution and within every three years thereafter.

As at August 22, 2023 there were 62,214,115 Common Shares issued and outstanding. Accordingly, under the Option Plan the Company has the authority to grant options to purchase up to a total of 6,221,411 Common Shares. As at the date of this Information Circular, options to purchase an aggregate of 5,850,000 Common Shares are granted and outstanding under the Option Plan, representing approximately 9.40% of the outstanding Common Shares in the capital of the Company.

See “*Particulars of Matters to be Acted upon*” below for further details concerning the Option Plan.

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

Each of the Company’s Named Executive Officers are independent contractors of the Company except for the Chief Financial Officer, who is an employee of the Company. Except as disclosed below, the Company does not have any written employment, consulting or management agreements in place with any of its officers or directors.

The Company has executed a management agreement (the “**Agreement**”) with Hunter Gold LLC, a company beneficially owned by Caleb Stroup (the “**Executive**”), for his services as President and Chief Executive Officer effective January 1, 2023 for no fixed term. As compensation for the services to be provided, the Executive will receive a monthly salary of US \$14,500 (the “**Monthly Compensation**”). The Agreement may be terminated (i) by resignation by the Executive 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 Monthly Compensation; (iii) by resignation by the Executive 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 Monthly 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) the Executive’s employment is terminated by the Company without cause; or (ii) the Executive resigns with or without Good Cause, then in either case, he will receive as severance an amount equal to 24 months Monthly Compensation.

The Company has executed an executive agreement (the “**Agreement**”) with Waddell Consulting Inc., a company beneficially owned by Alistair Waddell (the “**Chairman**”), for his services as Chairman effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the Chairman will receive a monthly fee of \$5,000 (the “**Monthly Compensation**”). The Agreement may be terminated (i) by resignation by the Chairman 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 Monthly Compensation; (iii) by resignation by the Chairman 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 Monthly 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) the Chairman’s employment is terminated by the Company without cause; or (ii) the Chairman resigns with or without Good Cause, then in either case, he will receive as severance an amount equal to 24 months Monthly Compensation.

The Company has executed an employment agreement (the “Agreement”) with Sandra Wong (the “Employee”) for her services as Chief Financial Officer and Corporate Secretary effective January 1, 2022 for no fixed term. As compensation for the services to be provided, the Employee will receive a performance bonus of \$6,000 and a monthly salary of \$6,500 (the “Monthly Compensation”). The Agreement may be terminated (i) by resignation by the Employee 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 Monthly Compensation; (iii) by resignation by the Employee 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 Monthly 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) the Employee’s employment is terminated by the Company without cause; or (ii) the Employee resigns with or without Good Cause, then in either case, she will receive as severance an amount equal to 24 months Monthly Compensation.

The Company has approved the payment of a director’s fee of \$1,000 per month to Messrs. Currie and Zerb and \$2,000 per month to Mr. Kosonen who serves as chair of the Audit Committee, effective March 1, 2021.

### **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, Chairman 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 effective March 1, 2021 (see “Employment, Consulting and Management Agreements” above).

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

### **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 most recent fiscal year 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 year ended February 28, 2023, 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) Pursuant to an escrow agreement (the “**Escrow Agreement**”) dated effective April 9, 2021, among the Company, Endeavor Trust Corporation as Escrow Agent and directors, officers and principals as Shareholders, the Shareholders agreed to deposit in escrow the 20,089,167 Common Shares and 2,780,000 stock options (the “**Escrowed Securities**”) that they beneficially owned with the Escrow Agent. The Escrow Agreement provides that 10% of the Escrowed Securities will be released from escrow upon the date the Company is listed on the Canadian Securities Exchange and the remaining Escrowed Securities will be released in equal tranches of 15% every 6 month interval thereafter, over a period of 36 months.

## **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 OTHER MATTERS TO BE ACTED UPON**

### **A. Approval of Stock Option Plan**

The Company has a Stock Option Plan dated for reference May 16, 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 May 16, 2019, when the Company was a non-reporting issuer. The Company became listed on the Canadian Securities Exchange effective June 8, 2021 and the Option Plan was approved by the shareholders of the Company on September 30, 2022. As a result of recent amendments to the policies of the CSE, that came into force on April 3, 2023, the Company is required to seek shareholder approval to the Option Plan this year. In addition, and in accordance with the amended policies of the CSE the Company will need to have the Option Plan re-approved by its shareholders within the next three years and every three years thereafter.

As at August 22, 2023 there were 62,214,115 Common Shares issued and outstanding. Accordingly, under the Option Plan the Company has the authority to grant options to purchase up to a total of 6,221,411 Common Shares. As at the date of this Information Circular, options to purchase an aggregate of 5,850,000 Common Shares are granted and outstanding under the Option Plan, representing approximately 9.40% of the outstanding Common Shares in the capital of the Company.

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 of directors 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 of directors, 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 of directors 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 of directors 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.

For more information on the Option Plan, please refer to a complete copy of the Option Plan that is attached as Schedule B.

### ***Shareholder Approval of Option Plan***

At the Meeting, shareholders will be asked to vote on the following ordinary resolution, with or without variation:

**“BE IT RESOLVED THAT:**

1. The Company's Option Plan, in form and substance attached hereto as Schedule “B”, is hereby confirmed and approved.
2. The Company be and is hereby authorized to grant options up to 10% of the Shares in the capital of the Company from time to time in accordance with the terms of the Option Plan, and issue Shares pursuant to the exercise of such options.
3. The options and other awards to be issued under the Option Plan, and all unallocated options and other awards under the Option Plan, are approved.
4. The Option Plan shall be re-approved by the shareholders of the Company by no later than September 28, 2026 in accordance with the policies of the Exchange.
5. Any one director or officer of the Company is hereby authorized for, on behalf of, and in the name of the Company to do and to perform or cause to be done or performed all such things, to take or cause to be taken all such actions, to execute and deliver or cause to be executed and delivered all such

agreements, documents and instruments, contemplated by, necessary or desirable in connection therewith, or as such director or officer in his discretion may consider necessary, advisable or appropriate in order to give effect to the intent and purposes of the foregoing resolutions, and the doing of such things, the taking of such action and the execution of such agreement, documents and instruments shall be conclusive evidence that the same have been authorized and approved hereby.”

A copy of the Option Plan will be available for inspection at the Meeting. A shareholder may also obtain a copy of the Option Plan from the Company at telephone no. (604) 681-9100 or fax no. (604) 681-9101.

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

**The Board recommends that shareholders vote in favour of the above resolution.**

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on [www.sedarplus.ca](http://www.sedarplus.ca). Financial information is provided in the Company’s comparative financial statements and management discussion and analysis for its most recently completed financial year ended February 28, 2023. 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.sedarplus.ca](http://www.sedarplus.ca).

### **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 22<sup>nd</sup> day of August, 2023.

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

*“Caleb Stroup”*

**Caleb Stroup**  
**President and Chief Executive Officer**

SCHEDULE "A"

**HEADWATER GOLD INC.**  
(the "Company")

**AUDIT COMMITTEE CHARTER**

**I. PURPOSE**

This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**"), annual evaluation and compliance with this charter. The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

**II. COMPOSITION**

A majority of the members of the Audit Committee must not be executive officers, as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), or employees or control persons of the Company or of an affiliate of the Company, as these terms are otherwise defined under applicable securities legislation, provided that should the Company become listed on a more senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange and of NI 52-110.

The Audit Committee will consist of at least three members, all of whom must be directors of the Company. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, each member of the Audit Committee will also satisfy the financial literacy requirements of such exchange and of NI 52-110.

The Chair of the Audit Committee will be appointed by the Board.

**III. AUTHORITY**

In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

- A.** engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;
- B.** communicate directly with management and any internal auditor, and with the external auditor without management involvement; and
- C.** incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

**IV. DUTIES AND RESPONSIBILITIES**

- A.** The duties and responsibilities of the Audit Committee include:

1. recommending to the Board the external auditor to be nominated by the Board;
2. recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;
3. reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);
4. overseeing the work of the external auditor;
5. ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to Company;
6. ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;
7. ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;
8. reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("MD&A"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;
9. reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;
10. reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;
11. reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;

12. reviewing the external auditor's report to the shareholders on the Company's annual financial statements;
13. reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;
14. satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;
15. overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;
16. reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;
17. reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;
18. satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;
19. resolving disputes between management and the external auditor regarding financial reporting;
20. establishing procedures for:
  - a. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto, and
  - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
21. reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
22. pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
23. overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;
24. establishing procedures for:

- a. reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;
  - b. reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("CFO") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;
  - c. obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("CEO") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;
  - d. reviewing fraud prevention policies and programs, and monitoring their implementation;
  - e. reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:
    - i. tax and financial reporting laws and regulations;
    - ii. legal withholding requirements;
    - iii. environmental protection laws and regulations;
    - iv. other laws and regulations which expose directors to liability; and
- B.** A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.
- C.** On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

## **V. TERM**

The members of the Audit Committee shall be appointed by designation of the Board and shall continue to be a member thereof until the earlier of (i) the Board, at its discretion, decides to remove the member from the Committee, or (ii) the expiration of his or her term of office as a Director. Vacancies at any time occurring shall be filled by designation of the Board.

## **VI. MEETINGS**

The Committee shall meet at least once per year or more frequently as circumstances dictate. A majority of the members appearing at a duly convened meeting shall constitute a quorum and the Committee shall maintain minutes or other records of its meetings and activities. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. These documents will be shared with the Board as needed to discharge the Committee's delegated responsibilities and stored in a centralized electronic archive administered by the Corporate Secretary. In case of absence of the Chair, the participating Audit Committee members will

designate an interim Chair. The Committee may invite members of Management or others to attend their meetings and they will be asked to step-out during sensitive conversations. As part of its responsibility to foster open communication, the Committee should meet at least annually with each of the CEO and Chief Financial Officer in separate executive sessions to discuss any matters that the Committee or the executive officers believe should be discussed privately with the Committee.

## **VII. REPORTS**

The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

## **VIII. MINUTES**

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

## **IX. ANNUAL PERFORMANCE EVALUATION**

The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the charter, to determine the effectiveness of the Committee.



**SCHEDULE “B”**

**HEADWATER GOLD INC.**

**STOCK OPTION PLAN**

**1. PURPOSE OF THE PLAN**

The Company hereby establishes a stock option plan for directors, senior officers, Employees, Consultants, Consultant Company or Management Company Employees (as such terms are defined below) of the Company and its subsidiaries, or an Eligible Charitable Organization (collectively “**Eligible Persons**”), to be known as the “Stock Option Plan” (the “**Plan**”). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten years, as determined by the board of directors of the Company, to buy shares of the Company at a price not less than the greater of: (i) the Market Price prevailing on the trading day preceding the date on which the Board grants such stock options; and (ii) the Market Price prevailing on the date of grant of such stock options.

**2. DEFINITIONS**

In this Plan, the following terms shall have the following meanings:

- 2.1 “**Associate**” means an “Associate” as defined in the National Instrument 45-106.
- 2.2 “**Board**” means the Board of Directors of the Company.
- 2.3 “**Change of Control**” means the acquisition by any person or by any person and all Joint Actors, whether directly or indirectly, of voting securities (as defined in the *Securities Act*) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of Directors of the Company.
- 2.4 “**Company**” means Headwater Gold Inc. and its successors.
- 2.5 “**Consultant**” means a “Consultant” as defined in NI 45-106.
- 2.6 “**Consultant Company**” means a corporation controlled or operated by a Consultant.
- 2.7 “**CSA**” means the Canadian Securities Administrators, and for British Columbia in particular, the B.C. Securities Commission.
- 2.8 “**Disability**” means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
- (a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
  - (b) acting as a director or officer of the Company or its subsidiaries.
- 2.9 “**Eligible Persons**” has the meaning given to that term in section 1 hereof.
- 2.10 “**Employee**” means an “Employee” as defined in NI 45-106.
- 2.11 “**Exchange**” means the Canadian Securities Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.12 “**Expiry Date**” means the date set by the Board under subsection 3.1 of the Plan, as the last date on which an Option may be exercised.
- 2.13 “**Grant Date**” means the date specified in the Option Agreement as the date on which an Option is granted.

- 2.14 “**Insider**” means an “Insider” as defined in the British Columbia *Securities Act*.
- 2.15 “**Investor Relations Activities**” means “Investor Relations Activities” as defined in the CSE policies.
- 2.16 “**Joint Actor**” has the meaning defined in NI 62-103, *The Early Warning System and Related Take-Over Bid and insider Reporting Issues*.
- 2.17 “**Management Company Employee**” means an Employee of an “external management company” as such term is defined under Form 51-102F6 “Statement of Executive Compensation” in respect of financial years ending on or after December 31, 2008, of NI 51-102, “Continuous Disclosure Obligations” published by the CSA.
- 2.18 “**Market Price**” of Shares means: (i) if the Company is listed on the Exchange or any other recognized stock exchange, the closing price per Share on such stock exchange on the trading day specified; or (ii) if the Shares are not listed on any recognized stock exchange, “Market Price” of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the date specified.
- 2.19 “**NI 45-106**” means NI 45-106, “Prospectus and Registration Exemptions” published by the CSA.
- 2.20 “**Option**” means an option to purchase Shares granted pursuant to this Plan.
- 2.21 “**Option Agreement**” means an agreement, in the form attached hereto as Schedule “A”, whereby the Company grants to an Optionee an Option.
- 2.22 “**Optionee**” means each of Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.
- 2.23 “**Option Price**” means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.
- 2.24 “**Option Shares**” means the aggregate number of Shares which an Optionee may purchase under an Option.
- 2.25 “**Plan**” means this Stock Option Plan.
- 2.26 “**Shares**” means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, “Shares” shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.27 “**Securities Act**” means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.28 “**Unissued Option Shares**” means the number of Shares which have, at a particular time, been reserved for issuance upon the exercise of an Option, but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.29 “**Vested**” means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

### 3. GRANT OF OPTIONS

#### 3.1 Option Terms

The Board may from time to time authorize the allocation and issue of Options to specific Eligible Persons of the Company and its subsidiaries. The Option Price under each Option so allocated shall be not less than the greater of: (i) the Market Price prevailing on the trading day preceding the date on which the Board grants such Option; and (ii) the Market Price prevailing on the date of grant of such Option. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten years after the Grant Date. Options shall not be assignable (or transferable) by the Optionee. Both the Company and the Optionee are responsible for ensuring and confirming that the Optionee is a *bona fide* Eligible Person.

### **3.2 Limits on Shares Issuable on Exercise of Options**

The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time to time. The number of Shares reserved for issuance under the Plan and all of the Company's other previously established or proposed share compensation arrangements:

- (a) in aggregate shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis; and
- (b) to any one Optionee within a 12 month period shall not exceed 5% of the total number of issued and outstanding shares on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company).

The number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:

- (a) to all Insiders shall not exceed 10% of the total number of issued and outstanding shares on the Grant Date on a non-diluted basis;
- (b) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company);
- (c) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
- (d) to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, which Options must be vested 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. The Company must publicly announce by press release at the time of the grant, any Options granted to Eligible Persons who undertake Investor Relations Activities.

### **3.3 Option Agreements**

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For stock options to Employees, Consultants, Consultant Company or Management Company Employees, each of the Company and the Optionee is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

## **4. EXERCISE OF OPTION**

### **4.1 When Options May be Exercised**

Subject to subsections 4.4 and 4.5, an Option shall be granted as fully Vested on the Grant Date, and may be exercised to purchase any number of Shares up to the number of Unissued Option Shares at any time after the Grant Date, provided that this Plan has been previously approved by the shareholders of the Company, where such prior approval is required by Exchange policies, up to 4:00 p.m. local time on the Expiry Date and shall not be exercisable thereafter.

### **4.2 Manner of Exercise**

The Option shall be exercisable by delivering to the Company a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share. Upon notice and payment there will be binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's certified cheque or bank draft payable to the Company in the amount of the Option Price shall constitute payment of the Option Price

unless the certified cheque is not honoured upon presentation for any reason, in which case the Option shall not have been validly exercised.

#### **4.3 Tax Withholding and Procedures**

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in 4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

#### **4.4 Vesting of Option Shares**

An Option shall be granted hereunder as fully Vested, unless a vesting schedule is imposed by the Board as a condition of the grant on the Grant Date; and provided that if the Option is being granted to an Eligible Person who is providing Investor Relations Activities to the Company, then the Option must 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.

#### **4.5 Termination of Employment**

If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

- (i) 365 days after the date of death or Disability; and
- (ii) the Expiry Date.

(b) Termination For Cause

If the Optionee, or in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Option held by such Optionee on the date of such termination shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Optionee or, in the case of a Management

Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

#### **4.6 Effect of a Take-Over Bid**

If a *bona fide* offer (an “Offer”) for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the *Securities Act*, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon the Option Shares subject to such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer.

#### **4.7 Acceleration of Expiry Date**

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, are Vested (subject to the proviso below), and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer, PROVIDED THAT where an Option was granted to a consultant providing Investor Relations Activities, the Directors declaration that Option Shares issuable upon the exercise of such Options granted under the Plan be Vested with respect to such Option Shares, is subject to prior approval of the Exchange. The Directors shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days and not more than 35 days notice is required.

#### **4.8 Effect of a Change of Control**

If a Change of Control occurs, all Option Shares subject to each outstanding Option may be exercised in whole or in part by the Optionee.

#### **4.9 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement**

If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, by the cancellation of the right to purchase Option Shares under the Option Agreement shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

#### **4.10 Shares Not Acquired or Exercised**

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired, and any Option Shares acquired by an Optionee under an Option when exercised, may be made the subject of a further Option granted pursuant to the provisions of the Plan.

#### **4.11 Extension of Term During Trading Black Out**

In the event the Expiry Date of an Option falls on a date during a trading black out period that has been self imposed by the Company, the Expiry Date of the Option will be extended to the 10<sup>th</sup> business day following the date that the self imposed trading black out period is lifted by the Company. For greater certainty, the Expiry Date of an Option will not be extended in the event a cease trade order is issued by a securities regulatory authority against the Company or an Optionee.

### **5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES**

#### **5.1 Share Reorganization**

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a “Share

**Reorganization”**) then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
  - (i) the Option Price in effect immediately before that effective date or record date; and
  - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subparagraph (a)(ii).

## 5.2 Special Distribution

Subject to the prior approval of the Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares:

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board of Directors of the Company has determined to be outside the normal course); or
- (d) rights, options or warrants,

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a “**Special Distribution**”), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

## 5.3 Corporate Organization

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in subsections 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or
- (c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation,

(any such event being herein called a “**Corporate Reorganization**”) the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

## 5.4 Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so

act, any other firm of Certified Professional Accountants in Vancouver, British Columbia, that the Directors may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

## **5.5 Regulatory Approval**

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of subsection 5.1, 5.2 or 5.3 is subject to the approval of the Exchange where required pursuant to their policies, and compliance with the applicable securities rules or regulations of any other governmental authority having jurisdiction.

## **6. MISCELLANEOUS**

### **6.1 Right to Employment**

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

### **6.2 Necessary Approvals**

The Plan shall be effective immediately upon the approval of the Board of directors of the Company, where the Company is a non-reporting issuer. If the Company is a reporting issuer whose Shares are listed on any Exchange, then the Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution of the disinterested shareholders in the case of a new Plan, and the written acceptance of the Plan by the Exchange where such prior approval is required by the policies of the Exchange. Any Options granted under this Plan before such approval shall only be exercised upon the receipt of such approval, where it is required by the policies of the Exchange. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to compliance with the policies of the Exchange and applicable securities rules or regulations of any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to comply with such policies, rules or regulations, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

### **6.3 Administration of the Plan**

The Directors shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in subsection 5.4, the interpretation and construction of any provision of the Plan by the Directors shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

### **6.4 Income Taxes**

As a condition of and prior to participation of the Plan any Optionee shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan.

### **6.5 Amendments to the Plan**

The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchange or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to an Optionee under the Plan without the consent of that Optionee. Any amendments to the Plan or options granted to Insiders thereunder will be subject to the approval of the shareholders, where such approval is required by the policies of the Exchange.

**6.6 Form of Notice**

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

**6.7 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

**6.8 Compliance with Applicable Law**

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**6.9 No Assignment**

No Optionee may assign any of his or her rights under the Plan or any Option granted thereunder.

**6.10 Rights of Optionees**

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

**6.11 Conflict**

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

**6.12 Governing Law**

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the Province of British Columbia.

**6.13 Time of Essence**

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

**6.14 Entire Agreement**

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

**Approved by the Board of Directors on May 16, 2019.**

*/s/ "Alistair Waddell"*

**Alistair Waddell,  
Chief Executive Officer**



**SCHEDULE “A”**  
**HEADWATER GOLD INC.**  
**STOCK OPTION PLAN**  
**OPTION AGREEMENT**

This Option Agreement is entered into between **Headwater Gold Inc.** (the “Company”) and the Optionee named below pursuant to the Company Stock Option Plan (the “Plan”), a copy of which is attached hereto, and confirms that:

1. on ●, 20● (the “Grant Date”);
2. ● (the “Optionee”);
3. was granted the option (the “Option”) to purchase ● Common Shares (the “Option Shares”) of the Company;
4. for the price (the “Option Price”) of \$● per share;
5. which shall be exercisable as fully Vested from the Grant Date, unless the granting of this Option is to a consultant providing Investor Relations Activities in which case the Option will be vested over a 12 month period from the Grant Date in accordance with the terms of the Plan;
6. terminating on the ●, 20● (the “Expiry Date”);
7. when exercised, the Company will forthwith calculate all applicable Canadian government withholding taxes of the Optionee, and Canada or Quebec (if applicable) Pension Plan contributions, and the Optionee agrees to remit to the Company such taxes and contributions to the Company, which will be remitted by the Company to Canada Revenue Agency and reflected on any annual statement of remuneration issued by the Company; and
8. by signing this Option Agreement, the Optionee acknowledges and consents to:
  - (a) the disclosure of Personal Information by the Company to the Canadian Securities Exchange (the “Exchange”) (as defined in Appendix I hereto); and
  - (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix I or as otherwise identified by the Exchange, from time to time;

(Where “Personal Information” means any information about the Optionee, and includes the information contained in the tables, as applicable),

all on the terms and subject to the conditions set out in the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ● day of ●, 20●.

**HEADWATER GOLD INC.**

Per:

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OPTIONEE

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Authorized Signatory

## Appendix I

### ACKNOWLEDGEMENT – PERSONAL INFORMATION

Canadian Securities Exchange and its affiliates, authorized agents, subsidiaries and divisions (collectively referred to as “the Exchange”) collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

- (a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (b) on the Exchange’s website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.