

**CAPROCK MINING CORP.**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON FEBRUARY 23, 2023**

**NOTICE OF MEETING AND  
MANAGEMENT PROXY AND INFORMATION CIRCULAR**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF CAPROCK MINING CORP. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF CAPROCK MINING CORP. TO BE HELD ON THURSDAY, FEBRUARY 23, 2023.*

**TO BE HELD AT:**

**Offices of Fogler, Rubinoff LLP  
77 King Street West, Suite 3000  
Toronto, Ontario M5K 1G8**

**at 10:00 a.m. (Toronto Time)**

**Dated: January 19, 2023**

**CAPROCK MINING CORP.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON FEBRUARY 23, 2023**

**NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING** (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of Caprock Mining Corp. (the "**Company**") will be held at the offices of Fogler, Rubinoff LLP, Suite 3000, 77 King Street West, Toronto, Ontario M5K 1G8, at 10:00 a.m. (Toronto Time), on Thursday, February 23, 2023, for the following purposes:

1. to receive and consider the audited financial statements of the Company for the financial year ended August 31, 2022 and the report of the auditor thereon;
2. to fix the number of directors of the Company to be elected at the Meeting at six;
3. to elect directors to hold office until the next annual general meeting of the Company;
4. to appoint the auditor of the Company for the ensuing year and to authorize the board of directors of the Company to fix the auditor's remuneration;
5. to consider and, if deemed advisable, to ratify and approve by ordinary resolution the adoption of Amended and Restated By-Law No.1, which sets out the general rules that govern the business and affairs of the Company, as described in the accompanying Management Information Circular; and
6. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

The board of directors of the Company has fixed the record date for the Meeting at the close of business on Thursday January 19, 2023, (the "**Record Date**"). Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting.

**Note of Caution Concerning the COVID-19 Outbreak**

Due to the ongoing COVID-19 pandemic and taking into account the health and safety of our employees, Shareholders, service providers and other stakeholders, **the Company strongly encourages Shareholders NOT to attend the Meeting in person. The Company strongly encourages Shareholders to vote by proxy on the internet, rather than attending the Meeting in person.** To this end, only registered Shareholders and proxyholders will be permitted to attend the Meeting in person. Further restrictions with regard to the Meeting may be implemented by the Company as required in accordance with applicable laws and to comply with public health restrictions. At the Meeting, the Company may adopt screening or other measures for identifying COVID-19 symptoms or risk factors as may be recommended or required by applicable health authorities. The Company reserves the right to refuse admission to a Shareholder or proxyholder seeking to attend the Meeting if the Company believes the Shareholder or proxyholder poses a health risk to attendees at the Meeting or would otherwise breach public health restrictions.

In order to permit Shareholders and proxyholders to listen to the Meeting in real time, without having to attend in person, a conference call of the Meeting will be available as follows:

Conference call participation:

- North America Toll-Free: 1-855-473-1059
- Local (Greater Toronto Area): (647)-848-1840
- Participant Conference Access code: 0091269#

**Shareholders will not be able to vote through the conference call.**

**As the COVID-19 outbreak continues to be a rapidly evolving situation, and in light of changing public health restrictions and recommendations related to COVID-19, there may be changes to the date, time and location of the Meeting, or the Company may adjourn or postpone the Meeting. The Company will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. Any such changes will be communicated by news release which will be made available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).**

**WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE ELECTRONICALLY BY PROXY RATHER THAN ATTENDING THE MEETING IN PERSON.**

DATED this 19th day of January 2023.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed)*

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Vishal Gupta

Chief Executive Officer and Director

**IMPORTANT**

It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend and would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in accordance with the options indicated. A proxy will not be valid unless it is deposited with our transfer agent Marrelli Trust Company Limited, (i) by email to [info@marrellitrust.ca](mailto:info@marrellitrust.ca) (please send front and back of proxy); (ii) by online submission at <https://www.voteproxy.ca> (iii) by fax at 416-360-7812 or (iv) by mail to Marrelli Trust Company Limited, 82 Richmond St. E., Toronto, ON M5C 1P1. All instructions are listed in the enclosed form of proxy. In order to be valid and acted upon at the Meeting, proxies must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment or postponement thereof. Shareholders are cautioned that the

## CAPROCK MINING CORP. MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

**THIS MANAGEMENT INFORMATION CIRCULAR ("CIRCULAR") IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF CAPROCK MINING CORP.** (the "**Company**") of proxies from the holders of common shares ("**Common Shares**") for the annual general and special meeting (the "**Meeting**") of the shareholders of the Company (the "**Shareholders**") to be held on Thursday, February 23, 2023 at 10:00 a.m. (Toronto time) at the offices of Fogler, Rubinoff LLP, Suite 3000, 77 King Street West, Toronto, Ontario M5K 1G8, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting ("**Notice of Meeting**").

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to Beneficial Shareholders (as defined below) held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.

### APPOINTMENT AND REVOCATION OF PROXIES

**The persons named (the "Management Designees") in the enclosed instrument of proxy ("Instrument of Proxy") have been selected by the directors of the Company and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A proxy will not be valid unless it is deposited with our transfer agent Marrelli Trust Company Limited, (i) by email to [info@marrellitrust.ca](mailto:info@marrellitrust.ca) (please send front and back of proxy); (ii) by online submission at <https://www.voteproxy.ca> (iii) by fax at 416-360-7812 or (iv) by mail to Marrelli Trust Company Limited, 82 Richmond St. E., Toronto, ON M5C 1P1. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10:00 a.m. (Toronto Time) on February 21, 2023, or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Company or with Marrelli Trust Company Limited via email at [info@marrellitrust.ca](mailto:info@marrellitrust.ca), at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by

depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders who appear on the records maintained by the Company's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the shareholder's name. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered Shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

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

The transfer agent Marrelli Trust Company Limited will be delivering proxy-related materials to non-objecting beneficial owners of the Common Shares directly. These securityholder materials are being sent to both

registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. The Company does not intend to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of the Common Shares under National Instrument 54-101 and Form 54-101F7 – Request for *Voting Instructions Made by Intermediary*. Objecting beneficial owners will not receive the materials unless the objecting beneficial owner's intermediary assumes the cost of delivery

All references to Shareholders in this Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

### **VOTING OF PROXIES**

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters that may come before the Meeting. In the event that other matters come before the Meeting, the Management Designees intend to vote in accordance with the judgment of management of the Company.**

### **QUORUM**

The board of directors of the Company (the "**Board**") amended and restated the Company's by-laws to, among other things, revise the quorum for a meeting of Shareholders. The amended and restated by-laws of the Company provide that at any meeting of Shareholders, the holders present in person or represented by proxy of at least 5% of the outstanding Common Shares entitled to be voted at the Meeting constitutes a quorum. If a quorum is present at the opening of the Meeting, the Shareholders present or represented by proxy may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. The amended and restated By-law No, 1 will be put forward for approval at the Meeting but remain in effect until the close of the Meeting even if not approved. See "*Particulars of Matters to be Acted Upon – Approval of Amended and Restated By-Law No. 1*".

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of Common Shares. As at the effective date of this Circular (the "**Effective Date**"), which is January 19, 2023, the Company has 40,372,500 Common Shares issued and outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

Holders of Common Shares of record at the close of business on January 19, 2023, (the "**Record Date**") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held.

To the knowledge of the directors and the executive officers of the Company, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company, other than as follows:

Name	Number of Common Shares Owned or Controlled <sup>(1)</sup>	Percentage of Common Shares <sup>(2)</sup>
Big Ridge Gold Corp.	10,000,000	24.8%

Notes:

- (1) Based on information disclosed in the public filings of the applicable party.
- (2) Based on a total of 40,372,500 Common Shares issued and outstanding as at the Effective Date.

### **EXECUTIVE COMPENSATION**

The executive compensation discussion below discloses compensation paid to the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing function similar to a chief executive officer;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing function similar to a chief financial officer;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with Section 1.3(5) of Form 51-102F6 under National Instrument 51-102 - *Continuous Disclosure Obligations*, for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, as at the end of the most recently completed financial year,

(each a "**Named Executive Officer**").

During the financial period ended August 31, 2022, the Company had three individuals who were Named Executive Officers, namely: (i) Vishal Gupta, who was appointed as the Chief Executive Officer ("**CEO**") of the Company on June 4, 2021; (ii) John Tokarsky, who was appointed the Chief Financial Officer ("**CFO**") of the Company on March 22, 2021, and who ceased as CFO on September 12, 2022; and (iii) Avrom Howard who was appointed Vice President of Exploration ("**VP – Exploration**") on September 13, 2021.

### **Compensation Discussion and Analysis**

In assessing the compensation of its Named Executive Officers, the Company does not have in place any formal objectives, criteria or analysis; compensation payable is currently determined by the compensation committee of the Board.



The Board has not established any benchmark or performance goals to be achieved or met by Named Executive Officers, however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Company. The satisfactory discharge of such duties is subject to ongoing monitoring by the Company's directors.

When determining compensation policies and individual compensation levels for the Company's officers, a variety of factors, are considered including: the overall financial and operating performance of the Company, each officer's individual performance and contribution towards meeting corporate objectives; each officer's level of responsibility and length of service; and industry comparables.

The Company's compensation philosophy for its officers follows three underlying principles: to provide compensation packages that encourage and motivate performance; to be competitive with its peer group of mining companies, which are of similar size and scope of operations, so as to attract and retain talented executives; and to align the interests of its officers with the long-term interests of the Company and its Shareholders through stock related programs. The Company's peer group in connection with salary compensation consists of sampling of other similar sized mining companies both private and those that are reporting issuers (or the equivalent) in Canada.

The Company's executive compensation consists of an annual base salary and long-term incentives in the form of stock options ("**Options**") pursuant to the Company's Stock Option Plan (the "**Option Plan**") and restricted share units ("**RSUs**") pursuant to the Company's Restricted Share Unit Plan (the "**RSU Plan**"). There may also be a bonus paid to officers at the discretion of the compensation committee.

As noted above, an incentive component of the Company's compensation program will be the potential longer-term reward provided through the grant of Options and/or RSUs. The granting of Options and RSU is intended to attract, retain and motivate officers and directors, and to align the interests of those individuals with those of the Shareholders. The granting of Options provides such individuals with an opportunity to acquire a proprietary interest in the Company's value growth through the exercise of stock options. Options and RSUs are granted at the discretion of the Board, which will consider factors such as how other, similar companies grant options and the potential value that each recipient is contributing to the Company. The number of Options and/or RSUs granted to an individual is based on such considerations.

The stage of the Company's development and the small size of its specialized management team allows frequent communication and constant management decisions in the interest of developing shareholder value as a primary goal. As the Company's business develops and performance goals are more apt to be delegated, particular performance goals will become more complex and measurable, and included in the compensation structure accordingly.

In addition to, or in lieu of, the compensation components described above, payments may be made from time to time to individuals, including Named Executive Officers or directors of the Company, or companies they control for the provision of management or consulting services. Such services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

### *Elements of Compensation*

#### *Named Executive Officers*

Individuals who are acting in a capacity similar to a CEO, CFO and the three most highly compensated executive officers whose total compensation exceeds \$150,000 per annum are for the year ended August 31, 2022, are the "**Named Executive Officers**" herein.

### *Base Salary*

The objective of base salary compensation is to reward and retain Named Executive Officers and other employees. The program is designed to reward Named Executive Officers and other employees for maximizing Shareholder value in a volatile commodity-based business in a safe, environmentally responsible, regulatory compliant and ethical manner. In setting base compensation levels, consideration is given to such factors as level of responsibility, experience, expertise and the amount of time devoted to the affairs of the Company. Subjective factors such as leadership, commitment and attitude are also considered. It is the goal of the Company to pay base salary compensation in the range of industry peers in order to retain the Named Executive Officers and other employees while maintaining the overall goal that total compensation should be weighted more heavily toward variable and long-term performance-based components.

### *Cash Bonus*

The objective of performance-based bonuses is to incentivize the maximization of Shareholder value by the Named Executive Officers and other employees, taking into consideration the operating and financial performance by both the Company and the efforts and results of the Named Executive Officers and other employees. Increases in the value of the Company will result in increases in the amounts paid to the Named Executive Officers and other employees. Short-term incentive awards will include an annual cash bonus award with maximum percentage amounts in line with the percentages paid by the Company's peer group.

### *Stock Options and RSUs*

As of August 31, 2022, and as of the Effective Date, Caprock had 1,988,000 Options and 1,012,000 RSUs outstanding.

The Company adopted the Option Plan and RSU Plan to remain competitive in the industry, and the granting of reasonable levels of share-based incentive awards is used as part of the Company's overall compensation package. These share-based incentive awards provide an incentive for all of the Company's service providers to ensure they are striving to maximize Shareholder value. The Board believes this established policy of awarding share-based awards meets the Company's business objectives provided the total number of share-based awards outstanding at any time is limited to a maximum of 10% of the Company's outstanding Common Shares.

The following are summaries of certain provisions of the Option Plan and RSU Plan, which are qualified in their entirety by the full text of the Option Plan and RSU Plan, respectively.

#### *Option Plan Summary*

The Shareholders of the Company approved the Option Plan on March 11, 2021. Up to such number of Common Shares as is equal to 10% of the aggregate number of Common Shares issued and outstanding from time to time may be reserved for issue upon the exercise of options granted pursuant to the Option Plan.

The purpose of the Option Plan is to attract, retain and motivate directors, officers, employees, and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The options are non-assignable and may be granted for a term not exceeding the later of (i) five years from the date of grant; and (ii) the date which is the fifth day following the conclusion of a self-imposed blackout period of the Company which is in effect on the date which is five years from the date of the grant of the option.

Options may be granted under the Option Plan only to directors, officers, employees, and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time.

The exercise price of options issued is to be determined by the Board on the basis of the "market price" of the Common Shares at the time the option is granted, where "market price" is defined as the prior trading day closing price of the Common Shares on any stock exchange on which such shares are listed or the last trading price on the prior trading day on any dealing network where such shares trade, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the daily high and low board lot trading prices of the Common Shares on any stock exchange on which such shares are listed or dealing network on which such shares trade for the five (5) immediately preceding trading days. In the event the Common Shares are not listed on any exchange and do not trade on any dealing network, the market price will be determined by the Board.

#### *Restricted Share Unit Plan Summary*

The Shareholders of the Company approved the RSU Plan on March 11, 2021. The RSU Plan is designed to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected directors, officers and employees related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. The RSU Plan is intended to promote a greater alignment of interests between the shareholders of the Company and the selected directors, officers, and employees by providing an opportunity to participate in increases in the value of the Company.

The RSU Plan allows the Company to award, in aggregate, such number of RSU as is equal to up to a rolling 10% maximum of the issued and outstanding Common Shares from time to time, under and subject to the terms and conditions of the RSU Plan. Subject to the terms of the RSU Plan, the Company will pay out vested RSU's issued under the RSU Plan and credited to the account of a holder by issuing (net of any applicable withholding tax) to such holder one Common Share for each such whole vested RSU. Each Common Share issued by the Company pursuant to the RSU Plan shall be issued as fully paid and non-assessable.

#### *Restrictions on Purchase of Financial Instruments*

The Company's Insider Trading and Reporting Policy provides that the practice of selling "short" securities of the Company and the practice of buying or selling a "call" or "put" or entering into any other financial instrument designed to hedge or offset a decrease in the market value of the securities of the Company, including without limitation, pre-paid variable forward contracts, equity swaps, collars or units of exchange funds is not permitted at any time by the directors, officers and employees of the Company.

#### *Pension Plan Benefits*

The Company has not implemented any deferred compensation plan or pension plan that provides for payments or benefits at, following, or in connection with retirement.

## *External Management Contracts*

### *Branson Agreement*

On March 22, 2021, John Tokarsky was appointed the CFO of the Company, as the designated consultant to provide the services of a CFO through an agreement (the "**Branson Agreement**") with Branson Corporate Services Ltd. ("**Branson**") located at 77 King Street West, Suite 2905, Toronto, Ontario. Pursuant to the Branson Agreement, Branson has agreed to provide a CFO, controllership and bookkeeping services, administrative services and general bank and back-office services for a monthly fee of \$5,000 plus applicable taxes. Mr. Tokarsky was a consultant to Branson and was compensated by Branson. The Branson Agreement provides for a confidentiality clause and a non-competition clause. On March 1, 2022, the fee was increased to \$7,000 per month. Effective September 12, 2022, Mr. Tokarsky resigned and Mrs. Amy Stephenson was appointed the new CFO of the Company.

### *Windmark Financial Ltd Agreement*

Effective June 7, 2021, the Company entered into a management agreement (the "**Windmark Agreement**") with Windmark Financial Ltd. ("**Windmark**"), a company located in Toronto, Ontario and controlled by Mr. Vishal Gupta, the Company's President and CEO. Pursuant to the Windmark Agreement, Mr. Gupta provides the Company services as its CEO, President, Secretary, and as a director at a cost of \$175,000 per year to be paid in monthly installments of \$14,583 as follows:

- \$7,292 per month, with the balance accruing; and shall increase to
- \$10,000 per month, with the balance accruing, upon the occurrence of a Liquidity Event; and shall increase to
- \$14,583 per month upon the earlier of (a) a Financing; or (b) an Asset Acquisition.

All accrued balances of the yearly fee not paid to Windmark may, at the sole discretion of the Board, be paid in the form of either cash or settled in the form of securities of the Company on the anniversary of the Windmark Agreement or as agreed to between the Company and Windmark. Windmark is also eligible to receive a cash bonus upon the Company meeting certain targets concerning its mining properties within 12 months from the commencement of the Windmark Agreement. This bonus was not earned. The Windmark Agreement can be terminated by Windmark upon 30 days' notice or by the Company upon 60 days' notice.

### *Nebu Consulting LLC Agreement*

On September 13, 2021, the Company entered into a consulting agreement (the "**Nebu Agreement**") with Nebu Consulting LLC ("**Nebu**"), a company located in Colorado, USA and controlled by Mr. Avrom Howard, was appointed VP – Exploration. Under the terms of the Nebu Agreement Mr. Howard is to receive certain agreed upon amounts for field work, travel and office work. The maximum amount payable per six month period for such work is as follows:

- \$37,500 which increased to,
- \$51,000 upon the occurrence of a liquidity event which occurred on January 26, 2022; which increased to,
- \$75,000 upon the earlier of the completion of (a) a financing; or (b) an asset acquisition occurred on February 28, 2022.

## Compensation Policies and Risk Management

The Board has considered the implications of the risks associated with the Company's compensation policies and practices when determining rewards for its officers. The Board reviews at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of short-term compensation in the form of a base salary (in the case of executive officers) and long-term ownership through the granting of Options and RSUs. The granting of bonuses remains subject to the discretion of the compensation committee.

This structure ensures that a significant portion of executive and director compensation (Options and RSUs) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, will not be realized by optionees until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their short-term compensation at the expense of the Company and its Shareholders will be extremely limited. Furthermore, the short-term component of executive and director compensation (base salary/director fees) will represent a relatively small part of the total compensation. As a result, it is unlikely an officer or director would take inappropriate or excessive risks at the expense of the Company or the Shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and its level of its activity, the Board will be able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through Board meetings during which financial and other information of the Company will be reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

### Summary Compensation Table

The following table sets forth all annual and long-term compensation for the three most recently completed financial years for services in all capacities to the Company and its subsidiaries, if any, in respect of the Named Executive Officers.

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year Ended Aug. 31	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(4)</sup>	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Vishal Gupta <sup>(1)</sup> President & CEO	2022	Nil	16,613 <sup>(2)</sup>	29,680 <sup>(3)</sup>	Nil	Nil	Nil	175,524	221,817
	2021	Nil	Nil	Nil	Nil	Nil	Nil	40,833	40,833

SUMMARY COMPENSATION TABLE									
					Non-Equity Incentive Plan Compensation (\$)				
Name and Principal Position	Year Ended Aug. 31	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Annual Incentive Plans	Long-Term Incentive Plans	Pension Value (\$)	All Other Compensation (\$)(4)	Total Compensation (\$)
<b>John Tokarsky</b> <sup>(5)</sup> CFO	2022	Nil	6,276 <sup>(2)</sup>	10,883 <sup>(3)</sup>	Nil	Nil	Nil	78,500	95,659
	2021	Nil	Nil	Nil	Nil	Nil	Nil	30,000	30,000
<b>Avrom Howard</b> VP - Exploration <sup>(6)</sup>	2022	Nil	6,867 <sup>(2)</sup>	12,004 <sup>(3)</sup>	Nil	Nil	Nil	91,485	110,356
	2021	Nil	Nil	Nil	Nil	Nil	Nil	17,200	17,200

Notes:

- (1) Mr. Gupta was appointed as President and CEO on June 7, 2021.
- (2) On March 10, 2022, the Company granted 1,012,000 RSUs to various officers and directors of which the CEO, CFO and VP – Exploration received 225,000, 85,000 and 93,000 RSUs respectively. 50% of the RSUs vested immediately and the remaining 50% vest on March 10, 2023. The closing price of the Company's shares on the day before the grant date was \$0.10.
- (3) On March 9, 2022, the Company granted 1,988,000 options to various officers and directors with an exercise price of \$0.12 and an expiry date of March 9, 2027, of which the CEO, CFO and VP – Exploration received 450,000, 165,000 and 182,000 options respectively. 50% of the options vested immediately and the remaining 50% on March 9, 2023 and were measured at fair value at the date of grant using the Black-Scholes valuation model ("Black-Scholes") with the following assumptions: expected volatility of 146%, expected dividend yield of 0%, risk-free interest rate of 1.65% and an expected remaining life of 5 years.
- (4) "All Other Compensation" means consulting fees earned by the executive officers during the financial year.
- (5) The Company contracted with Branson, to perform CFO services, bookkeeping and accounting services for the 2022 fiscal year. Mr. Tokarsky was appointed CFO on March 22, 2021. He resigned as the CFO effective September 12, 2022, and Mrs. Amy Stephenson was appointed as the CFO effective the same date.
- (6) Mr. Howard was appointed VP - Exploration on September 13, 2021.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each Named Executive Officer of Caprock as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$) <sup>(2)</sup>	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$) <sup>(3)</sup>
<b>Vishal Gupta</b> President and CEO	450,000	0.12	March 9, 2027	36,000	112,500	4,500	4,500
<b>John Tokarsky</b> CFO	165,000	0.12	March 9, 2027	13,200	42,500	1,700	1,700
<b>Avrom Howard</b> VP – Exploration	182,000	0.12	March 9, 2027	14,560	46,500	1,860	1,860

Notes:

(1) Calculated based on the difference between the closing price of \$0.04 per Common Share on the CSE on August 31, 2022, the last day the Common shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.

(2) Calculated based on the closing price of \$0.04 per Common Share on the CSE on August 31, 2022, multiplied by the number of RSUs not vested in 2022.

(3) Calculated based on the closing price of \$0.04 per Common Share on the CSE on August 31, 2022, multiplied by the number of RSUs vested in 2022.

### ***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer.

Name and Title	Option-Based Awards - Value vested during the year (\$)	Share-Based Awards - Value vested during the year (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
<b>Vishal Gupta</b> President and CEO	Nil	11,250	N/A
<b>John Tokarsky</b> CFO	Nil	4,250	N/A
<b>Avrom Howard</b> VP – Exploration	Nil	4,650	N/A

Notes:

(1) Calculated based on the dollar value realized by multiplying the number of shares or units by market value of the underlying shares on the vesting date.

### **Pension Plan Benefits**

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

## DIRECTOR COMPENSATION

The Company currently has six directors, one of which, Vishal Gupta, is a Named Executive Officer. For a description of the compensation paid to the Named Executive Officers who also act as directors of the Company, see "*Executive Compensation*".

The compensation committee is responsible for the development and implementation of a compensation plan for the Outside Directors (as defined below). The Company does not pay any compensation to officers for acting as a director.

Members of the Board are not paid any remuneration in their capacities as such. Directors are reimbursed, however, for miscellaneous out-of-pocket expenses in carrying out their duties as directors and are granted share-based compensation through the grant of Options under the Option Plan, RSU awards through the RSU Plan, from time to time. The Board determines the number of Options or RSU's awarded to directors. When determining the number of Options or RSU's to be granted to directors, consideration is given to the number of Options or RSU's previously granted to the directors and the fact that the directors do not receive any other form of compensation.

### Director Compensation Table

The following table sets forth all compensation provided to directors who are not also Named Executive Officers (the "**Outside Directors**") of the Company for the financial year ended August 31, 2022.

Name	Fees Earned (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Andres Tinajero	Nil	11,814	20,776	Nil	Nil	Nil	32,590
Daniel Cohen	Nil	12,552	21,765	Nil	Nil	Nil	34,317
Michael Bandrowski	Nil	6,867	12,004	Nil	Nil	Nil	18,871
Brian Presement	Nil	6,867	12,004	Nil	Nil	Nil	18,871
Jeremy Goldman	Nil	6,867	12,004	Nil	Nil	Nil	18,871

Notes:

- (1) "**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock. On March 10, 2022, the Company granted 1,012,000 RSUs to various officers and directors. 50% of the RSUs vested immediately and the remaining 50% vest on March 10, 2023. The closing price of the Company's shares on the day before the grant date was \$0.10.
- (2) "**Option-Based Award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. On March 9, 2022, the Company granted 1,988,000 options to various officers and directors with an exercise price of \$0.12 and an expiry date of March 9, 2027, of which the CEO, CFO and VP – Exploration received 450,000, 165,000 and 182,000 options respectively. 50% of the options vested immediately and the remaining 50% on March 9, 2023 and were measured at fair value at the date of grant using the Black-Scholes valuation model with the following assumptions: expected volatility of 146%, expected dividend yield of 0%, risk-free interest rate of 1.65% and an expected remaining life of 5 years.

### Incentive Plan Awards

#### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth details of all awards outstanding for each Outside Director of the Company as of the most recent financial year end, including awards granted before the most recently completed financial year.



Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested <sup>(2)</sup> (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed <sup>(3)</sup> (\$)
Andres Tinajero	315,000	0.12	March 9, 2027	25,200	80,000	3,200	3,200
Daniel Cohen	330,000	0.12	March 9, 2027	26,400	85,000	3,400	3,400
Michael Bandrowski	182,000	0.12	March 9, 2027	14,560	46,500	1,860	1,860
Brian Presement	182,000	0.12	March 9, 2027	14,560	46,500	1,860	1,860
Jeremy Goldman	182,000	0.12	March 9, 2027	14,560	46,500	1,860	1,860

Notes:

(1) Calculated based on the difference between the closing price of \$0.04 per Common Share on the CSE on August 31, 2022, the last day the Common Shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.

(2) Calculated based on the closing price of \$0.04 per Common Share on the CSE on August 31, 2022, multiplied by the number of RSUs not vested in 2022.

(3) Calculated based on the closing price of \$0.04 per Common Share on the CSE on August 31, 2022, multiplied by the number of RSUs vested in 2022.

### ***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for the Outside Directors of the Company.

Name	Option-Based Awards - Value vested during the year (\$)	Share-Based Awards - Value vested during the year <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Andres Tinajero	Nil	8,000	N/A
Daniel Cohen	Nil	8,500	N/A
Michael Bandrowski	Nil	4,650	N/A
Brian Presement	Nil	4,650	N/A
Jeremy Goldman	Nil	4,650	N/A

Notes:

(1) Calculated based on the dollar value realized by multiplying the number of shares or units by market value of the underlying shares on the vesting date.

## *Narrative Discussion*

For information regarding the Option Plan and RSU Plan please see "*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Stock Options and RSUs*".

### **Termination and Change of Control Benefits**

Other than as set out below, the Company does not have any contracts, agreements, plans or arrangements in place with any Named Executive Officers that provide for payment following or in connection with any termination (whether voluntary, involuntary or constructive) resignation, retirement, a change of control of the Company or a change in a Named Executive Officer's responsibilities.

Pursuant to the Windmark Agreement, the Company is required to pay a termination fee if the Windmark Agreement is terminated by the Company after six months from its commencement with the amount of such fee being equal to one year of fees calculated based on the amount invoiced to the Company in the month prior to termination, calculated on an annualized basis. In the event of a change of control of the Company where Mr. Gupta is terminated, the Company is obligated to make a one-time payment to Mr. Gupta in the amount of \$175,000. In the event of termination of the Windmark Agreement by the Company on or after the 18-month anniversary of the Windmark Agreement or a termination in connection with a change of control of the Company, all RSUs granted to Mr. Gupta shall vest immediately. If the Company terminated the Windmark Agreement on August 31, 2022 it would have been required to pay a termination fee of \$175,000

Pursuant to the Nebu Agreement, the Company is required to pay a termination fee if the Nebu Agreement is terminated by the Company after six months from its commencement with the amount of such fee being equal to six months of fees calculated based on the fee structure set forth in the Nebu Agreement. In the event of a change of control of the Company where the Nebu Agreement is terminated, the Company is obligated to make a one-time payment in an amount equal to six months worth of fees payable to Nebu. In the event of termination of the Nebu Agreement by the Company on or after the 18-month anniversary of the Nebu Agreement or a termination in connection with a change of control of the Company, all RSUs granted to Mr. Howard shall vest immediately. If the Company terminated the Nebu Agreement on August 31, 2022 it would have been required to pay a termination fee of \$51,000.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Option Plan and RSU Plan each reserves for issuance, in the aggregate, a maximum 10% of the Company's issued and outstanding Common Shares from time to time. The Option Plan and RSU Plans are 'rolling' plans which reserve for issuance a maximum of 10% of the issued and outstanding Common Shares.

As at August 31, 2022, Caprock had 1,988,000 Options (4.9% of the Company's issued and outstanding shares) and 1,012,000 RSUs outstanding (2.5% of the Company's issued and outstanding shares).

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company's most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)
Equity compensation plans approved by securityholders	1,988,000 <sup>(1)</sup>	\$0.12 <sup>(1)</sup>	2,049,250 <sup>(2)</sup>
Equity compensation plans approved by securityholders	1,012,000 <sup>(3)</sup>	\$0.10 <sup>(3)</sup>	3,025,250 <sup>(4)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	3,000,000	N/A	1,037,250 <sup>(4)</sup>

Notes:

(1) Number of options issued by the Company on March 9, 2022 to various officers and directors with an exercise price of \$0.12 and an expiry date of March 9, 2027.

(2) Calculated based on excess of 10% of issued Common Shares of 40,372,500 over number of options issued by the Company.

(3) Number of RSUs issued by the Company on March 10, 2022 to various officers and directors with a grant date fair value price of \$0.10 based on the greater of (a) the weighted average of the trading price per share on the stock exchange for the last five trading days ending on the grant date and (b) the closing price of the shares on the day before the grant date.

(4) Calculated based on excess of 10% of issued Common Shares of 40,372,500 over number of RSUs issued by the Company.

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

No director, executive officer, employee or former director, executive officer or employee of the Company or its subsidiaries nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Company or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company except as disclosed in the audited financial statements.

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

Other than as set forth herein or as previously disclosed, the Company is not aware of any material interests, direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Company which has or will materially affect the Company.

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

Other than as set forth herein, or as previously disclosed, the Company is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Company which has or will materially affect the Company or its subsidiaries.

## AUDIT COMMITTEE

The Audit Committee is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the Shareholders, the relationship between the Company and the external auditor.

Pursuant to National Instrument 52-110 — *Audit Committees* ("**NI 52-110**") the Company is required to disclose certain information with respect to its Audit Committee, as summarized below.

### **Audit Committee Terms of Reference**

The Company must, pursuant to NI 52-110, have a written charter which sets out the duties and responsibilities of its Audit Committee. The terms of reference of the Audit Committee are attached hereto as Appendix "A".

### **Audit Committee Composition**

The following are the members of the Audit Committee as at the date hereof:

Andres Tinajero (Chairman)	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Jeremy Goldman	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Daniel Cohen	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>

Note:

(1) As defined by NI 52-110.

The Board believes the composition of the Audit Committee reflects a high level of financial literacy and expertise.

### **Relevant Education and Experience**

All of the members of the Audit Committee have been either directly involved in the preparation of financial statements, filing of quarterly and annual financial statements, dealing with auditors, or as a member of an audit committee. All members have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements.

#### ***Andres Tinajero, Age 49***

Mr. Tinajero is a Chartered Professional Accountant with over 26 years of international finance experience in, compliance, finance strategy, financial reporting, internal control, and strategic planning. Mr. Tinajero has previously served as Chief Financial Officer and Financial Executive for large, multi-national companies, including United Nations, State Bank, Lafarge, Trelawney Mining, Sprott Mining, and Barkerville Gold Mines. Mr. Tinajero holds a Bachelor of Business from San Francisco University and a Master of Business Administration (MBA) from ITESM University. He is a Member of the Canadian Institute of Chartered Professional Accountants, the Certified Practicing Accountants of Australia, and a Certified member of the Institute of Corporate Directors.

#### ***Daniel Cohen, Age 49***

Mr. Cohen has been CEO of PharmaDrug Inc. since it went public in August of 2018. Prior to that, he worked in the Canadian capital markets for almost 20 years. Most recently, he was a Partner and Head of Sales at Beacon Securities. He also worked in Institutional Equity Sales at Wellington West Capital Markets until it was sold to National Bank Financial in 2011. He began his career in finance working in Equity Research and

Corporate Finance at RBC Capital Markets and HSBC Securities. Daniel has an MBA in Finance from McGill University and is a CFA charter holder.

***Jeremy Goldman, Age 51***

Mr. Goldman is currently the CFO for Sensei Labs Inc., a B2B SaaS company that provides digital workplace solutions. He previously served as CEO of Vaster Inc., a mobile messaging application provider, from 2016 to 2018, COO/CFO of Kooltra Ltd., a financial technology company, from 2015 to 2016, and as President of Foundation Markets Inc., an exempt market dealer, for nearly 10 years through 2015. Mr. Goldman, who earned an MBA from York University's Schulich School of Business and holds a Chartered Financial Analyst designation, also previously served as a director of Lakeside Minerals Inc., a TSX Venture Exchange-listed mineral exploration company, and Rigel Technologies Inc., an unlisted reporting issuer.

**Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemption).

**Pre-Approval Policies and Procedures**

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described in the terms of reference of the Audit Committee attached hereto as Appendix "A" under the heading "Independent Auditors".

**External Auditor Service Fees**

The aggregate fees billed by the Company's external auditors in each of the last two (2) fiscal years for audit and other fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees (\$) <sup>(1)</sup></b>	<b>Audit Related Fees (\$) <sup>(2)</sup></b>	<b>Tax Fees (\$) <sup>(3)</sup></b>	<b>All Other Fees (\$) <sup>(4)</sup></b>
2022	24,558	Nil	2,000	3,790
2021	23,750	Nil	1,150	1,384

Notes:

- (1) Audit fees include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) Audit-related fees include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) Tax fees include fees for all tax services other than those included in audit fees and audit-related fees. This category includes fees for tax compliance, tax planning and tax advice.
- (4) All other fees include fees for products and services provided by the Auditor, other than the services reported above. The auditors provided services related to the Company's public listing.

**Exemption**

As the Company is not required to prepare an Annual Information Form, the Company has relied on the exemption in section 6.1 of NI 52-110 in respect of the requirement set forth in section 5.2 of NI 52-110.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of the Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Company is required to disclose its corporate governance practices as summarized below.

### **Board of Directors**

The Board is currently comprised of six directors, Vishal Gupta, Andres Tinajero, Daniel Cohen, Jeremy Goldman, Brian Presement and Michael Bandrowski

Andres Tinajero, Daniel Cohen, Jeremy Goldman, Brian Presement and Michael Bandrowski are independent directors of the Company and have no ongoing interest or relationship with the Company other than their security holdings in the Company and serving as directors.

Vishal Gupta, the President and CEO of the Company is a member of management and, as a result, is not an independent director. The Board is responsible for determining whether a director is an independent director.

National Policy 58-201 – *Corporate Governance Guidelines* suggests that the Board of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgement.

### **Committees**

As at the date of this Circular, there are two standing committees of the Board; namely: (i) the Audit Committee; and (ii) the Compensation Committee. Details regarding the audit committee are set forth above under the heading "Audit Committee".

The mandate of the Compensation Committee includes reviewing the compensation arrangements for the Company's senior executives, reviewing and approving the responsibilities of, and related performance criteria for, the senior executives as well as their long-term and short-term incentive compensation targets and assessing their performance against such criteria and targets. The Compensation Committee is comprised of Andres Tinajero, Daniel Cohen and Jeremy Goldman.

### **Directorships**

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

Director	Other Reporting Issuers
Vishal Gupta	Roo Gold Inc.
Andres Tinajero	Sable Resources Ltd.
Daniel Cohen	Pharmadrug Inc. Universal PropTech Inc. Roo Gold Inc.

Jeremy Goldman	Rigel Technologies Inc.
Brian Presement	High Fusion Inc.
Michael Bandrowski	Big Ridge Gold Corp

### **Orientation and Continuing Education**

At present, each new director is given an outline of the nature of the Company's business, its corporate strategy, and current issues with the Company along with a description of the committees constituted by the Board. New directors are also expected to be required to meet with management of the Company to discuss and better understand the Company's business and are advised by counsel to the Company of their legal obligations as directors of the Company. The introduction and education process will be reviewed on an annual basis by the Board and will be revised as necessary.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. The Board has also found that the in camera sessions of the independent directors held in conjunction with Board meetings also help to ensure that directors exercise independent judgement in considering transactions and agreements.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of applicable laws, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director is required to declare the nature and extent of his interest and is not entitled to vote at meetings of directors which evoke such a conflict.

### **Nomination of Directors**

The Board presently seeks and determines new nominees to the Board, although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among the Board members and officers.

### **Compensation**

The remuneration of the directors and the CEO of the Company is set and periodically reviewed by the Board.

The Board is responsible for reviewing and approving corporate goals and objectives relevant to Chief Executive Officer and director performance and evaluates performance to determine compensation. See "*Executive Compensation*" and "*Director Compensation*".

### **Assessments**

The Board has not implemented a process for assessing its effectiveness. As a result of the Company's size, its stage of development and the limited number of individuals on the Board, the Board has considered a formal assessment process to be inappropriate at this time.

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

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

### **1. Report and Financial Statements**

The Board has approved all of the information in the audited financial statements of the Company for the financial year ended August 31, 2022, and the report of the auditor thereon, copies of which are delivered herewith when requested and are also available on [www.sedar.com](http://www.sedar.com) under the Company's SEDAR profile. No vote by the Shareholders is required to be taken on the financial statements.

### **2. Fix Number of Directors to be Elected at the Meeting**

Shareholders of the Company will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by Shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that six directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at six.**

### **3. Election of Directors**

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Company presently held by such nominee, the nominee's municipality of residence, principal occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number and percentage of Common Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual general meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Company or the provisions of the *Business Corporations Act* (Ontario) to which the Company is subject.

The information below as to the number of shares of the Company beneficially owned by the proposed nominees, not being within the knowledge of the Company, has been furnished by the respective persons individually.



Name, Province of Residence, Office and Date Became a Director	f	Number of Common Shares beneficially owned, or controlled or directed, directly or indirectly
Vishal Gupta Ontario, Canada Director since May 28, 2021	Director, President, Chief Executive Officer and Secretary of Caprock Mining Corp. (2021 to present); Director, President and Chief Executive Officer of California Gold Mining Inc. (2014-2020)	1,500,000 <sup>(4)</sup>
Andres Tinajero <sup>(1)(2)(3)</sup> Ontario, Canada Director since September 14, 2020	Chief Financial Officer of Talisker Resources Ltd. (2012-present); Chief Financial Officer of Barkerville Gold Mines (2015-2020)	1,500,000 <sup>(5)</sup>
Daniel Cohen <sup>(1)(3)</sup> Ontario, Canada Director since September 14, 2020	Chairman & Chief Executive Officer of Pharmadrug Inc. (2018-present); director of Universal PropTech Inc. (2020 – present)	2,750,000 <sup>(7)</sup>
Jeremy Goldman <sup>(1)(3)</sup> Ontario, Canada Director since September 14, 2020	Chief Financial Officer of Sensei Labs Inc. (2020-present); Sr. Vice President, Internal Operations, Klick Inc. (2018-2020); Chief Executive Officer, Vaster Inc. (2016-2018)	10,000
Brian Presement Ontario, Canada Director since September 14, 2020	President & Chief Executive Officer of Unite Communications Inc. (2001- present)	300,000 <sup>(6)</sup>
Michael Bandrowski Ontario, Canada Director since September 14, 2020	President and Chief Executive Officer of Big Ridge Gold Corp. (2020-present); President of Escarpment Capital Advisors (2018-2020); Analyst at Beacon Securities Inc. (2016-2018);	15,000

Notes:

- (1) Member of the Audit Committee
- (2) Audit Chair
- (3) Member of the Compensation Committee
- (4) 1,500,000 Common Shares are held indirectly through Windmark Financial Ltd.
- (5) 1,000,000 Common Shares are indirectly held through Cowendo Investments Ltd.
- (6) 300,000 Common Shares are indirectly held through 2674779 Ontario Limited.
- (7) 250,000 Common Shares are indirectly held through 7725434 Canada Inc

### *Biographical Information*

#### ***Vishal Gupta, Age 42***

Mr. Gupta brings considerable mining industry expertise and public markets experience to his role as President and CEO of the Corporation. He is a P. Geo. registered with the Professional Geoscientists of Ontario and currently also serves as a Director of RooGold Inc., a junior resource company listed on the Exchange. Prior to joining the Corporation, Mr. Gupta served as the President and CEO of California Gold Mining Inc., an advanced-stage gold exploration company also listed on the Canadian Securities Exchange. Previously, he worked as an equity research analyst and an investment banker covering the mining sector for a number of Toronto-based financial institutions including Dundee Capital Markets, Fraser Mackenzie and Global Financial. During his tenure in capital markets, Mr. Gupta performed independent technical due diligence, M&A advisory and comprehensive valuation analysis on a wide variety of resource projects across the United States, Canada, Mexico, Brazil, Argentina, Chile, and Nicaragua. Mr. Gupta holds a M.Sc. in Geology from

the University of Toronto and started his career as an exploration geologist for junior resource companies where he was involved in the planning, preparation, execution, and reconciliation of drill programs

***Brian Presement, Age 52***

Mr. Presement is currently the President and CEO of Unite Communications. From its start-up over 20 years ago, he has overseen its growth from a regional company offering limited services, to a National full-service telecom company. Over the last many years, Mr. Presement has been an advisor, board member and investor in many start-ups in a number of industries. He currently serves as a director and officer of several reporting issuers and publicly traded companies, in addition to chairing several sub committees on these boards. Mr. Presement also devotes many hours to non-profit groups, and currently serves as the Board Chair of Clarico Place of York Region.

***Michael Bandrowski, Age 46***

Mr. Bandrowski is President, Chief Executive Officer & Director at Big Ridge Gold Corp. Mr. Bandrowski has over 15 years of capital markets and exploration experience on both domestic and international markets. Most recently he was Director, Mining Investment Banking at a Canadian bank where he focused on small and mid-cap mining companies. Previously, he was a mining research analyst covering precious and base metals. Mr. Bandrowski has established a solid reputation in the mining and institutional investment community over the last 15 years.

***Andres Tinajero, Age 49***

Mr. Tinajero is a Chartered Professional Accountant with over 26 years of international finance experience in, compliance, finance strategy, financial reporting, internal control, and strategic planning. Mr. Tinajero has previously served as Chief Financial Officer and Financial Executive for large, multi-national companies, including United Nations, State Bank, Lafarge, Trelawney Mining, Sprott Mining, and Barkerville Gold Mines. Mr. Tinajero holds a Bachelor of Business from San Francisco University and a Master of Business Administration (MBA) from ITESM University. He is a Member of the Canadian Institute of Chartered Professional Accountants, the Certified Practicing Accountants of Australia, and a Certified member of the Institute of Corporate Directors.

***Daniel Cohen, Age 49***

Mr. Cohen has been CEO of PharmaDrug since it went public in August of 2018. Prior to that, he worked in the Canadian Capital Markets for almost 20 years. Most recently, he was a Partner and Head of Sales at Beacon Securities. He also worked in Institutional Equity Sales at Wellington West Capital Markets until it was sold to National Bank Financial in 2011. He began his career in finance working in Equity Research and Corporate Finance at RBC Capital Markets and HSBC Securities.

***Jeremy Goldman, Age 51***

Mr. Goldman, currently the CFO for Sensei Labs Inc., a B2B SaaS company that provides digital workplace solutions. He previously served as CEO of Vaster Inc., a mobile messaging application provider, from 2016 to 2018, COO/CFO of Kooltra Ltd., a financial technology company, from 2015 to 2016, and as President of Foundation Markets Inc., an exempt market dealer, for nearly 10 years through 2015. Mr. Goldman, who earned an MBA from York University's Schulich School of Business and holds a Chartered Financial Analyst designation, also previously served as a director of Lakeside Minerals Inc., a TSX Venture Exchange-listed mineral exploration company, and Rigel Technologies Inc., an unlisted reporting issuer.

### *Cease Trade Orders or Bankruptcies*

To the best of the Company's knowledge, no proposed director is, as at the Effective Date, or has been within the 10 years before the Effective Date, a director or executive officer of any company (including Caprock), that:

- (a) was subject to: (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director, within 10 years before the Effective Date, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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.

### *Personal Bankruptcies*

No proposed director has, within 10 years before the Effective Date, 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 such proposed director.

### *Penalties and Sanctions*

To the best of the Company's knowledge, no proposed director has, as at the Effective Date, been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **4. Appointment of Auditor**

Management recommends the re-appointment of Clearhouse LLP, as the auditor for the Company, to hold office until the next annual general meeting of the Shareholders at a remuneration to be fixed by the Board of Directors. Clearhouse LLP was first appointed as the Company's auditors on [insert date].

At the Meeting, Shareholders will be asked to approve a resolution appointing Clearhouse LLP, as auditor for the Company to hold office until the close of the next annual meeting of the Shareholders, and to authorize the directors to fix their remuneration. The directors recommend that Shareholders vote in favour of the re-appointment of Clearhouse LLP, and the authorization of the directors to fix their remuneration.

**Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favor of a resolution appointing Clearhouse LLP, as auditor of the Company for the next ensuing year, to hold office until the close of the next annual general meeting of Shareholders or until the firm of Clearhouse LLP is removed from office or resigns as provided by the Company's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favor of a resolution authorizing the Board to fix the compensation of the auditor.**

**5. Approval of Amended and Restated By-Law No. 1**

The Company's previous general by-law was adopted prior to the Company becoming a public company. As a result, the general by-law did not provide for certain items that are customary in the general by-laws of public companies and as a result on January 12, 2023 the Board reviewed and approved an amended and restated general by-law in the form of By-Law No. 1 which contains the following amendments to the previous By-Law No. 1 which it replaced:

- providing for meetings of shareholders to be held by telephonic, electronic or other communications facilities, and which provide that shareholders attending by such communication means shall be deemed to be present at the meeting;
- providing for meetings of directors to be held, with the consent of the directors, by telephonic, electronic or other communications facilities, and which provide that directors attending by such communication means shall be deemed to be present at the meeting and where a majority of the directors are in Canada the meeting shall be deemed to be held in Canada;
- provisions relating to the required notice for meetings of directors;
- provisions allowing for the board to form committees of the directors and to delegate certain matters to such committees and setting forth provisions for the conduct of the business of such committees;
- a reduction to the quorum for shareholder meetings to 5% of the issued and outstanding shares from 50% before, thereby facilitating the holding of shareholder meetings;
- provisions providing for uncertificated shares;
- removal of provisions relating to the Company's lien on shares for indebtedness to the Company;
- provisions setting forth the manner for the Company to give notice to officers, directors, shareholders and auditors of the Company; and
- general provisions relating to the authority for banking and borrowing by the Company.

The amended and restated By-Law No. 1 also incorporates the advance notice requirements for director nominations that were previously contained in By-Law No. 2 which will be rescinded if the amended and restated By-Law No. 1 is approved by Shareholders.

The full text of amended and restated By-law No. 1 can be found in Appendix "B" to the Circular. Amended and restated By-law No. 1 is currently in effect from the date that it was adopted by the Board but must be ratified and approved by an ordinary resolution of the Shareholders at the Meeting to remain in effect. At the Meeting, shareholders will be asked to consider and, if deemed advisable, to adopt an ordinary resolution

ratifying and approving amended and restated By-law No. 1. If so ratified and approved, amended and restated By-law No. 1 will continue to be effective from the date of its adoption by the Board.

Management recommends voting in favour of a resolution ratifying and approving amended and restated By-law No. 1.

The text of the resolution approving such by-law is set forth below (the "**Amended and Restated By-Law No. 1 Resolution**"):

"RESOLVED THAT,

1. Amended and restated By-law No. 1 of the Company adopted by the board of directors of the Company on January 12, 2023 and in the form attached as Appendix "B" to the Company's management information circular dated January 19, 2023 is hereby ratified and approved in all respects; and
2. any one officer or director of the Company is hereby authorized, for and on behalf of the Company, to execute and deliver any and all documents and instruments and to do all other things as in the opinion of such officer or director may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action."

**If instructions are not received, the directors and/or officers of the Company named as proxyholders in the enclosed form of proxy or voting instruction form will, at the Meeting, exercise the voting rights attached to the shares represented by the proxy FOR of the adoption of the Amended and Restated By-law No. 1 Resolution.**

#### **OTHER BUSINESS**

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the Shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

#### **GENERAL**

**Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein.** All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All special resolutions, if any, to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested Shareholders, if any, require the approval of the Shareholders not affected by, or interested in, the matter to be approved.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the Company's most recently completed financial year is provided in the Company's comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Company at Suite 3000, 77 King Street West, TD Centre North Tower, P.O. Box 95, Toronto, Ontario M5K 1G8, Attn: Chief Financial Officer to obtain a copy of the Company's most recent financial statements and management discussion and analysis.

**BOARD APPROVAL**

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

**DATED** this 19th day January, 2023.

**Appendix "A"**  
**Audit Committee Charter**

**CAPROCK MINING CORP.**  
**(the "CORPORATION")**

**I. PURPOSE**

The Audit Committee (the "**Committee**") will consist of a majority of independent directors and is appointed by the Board of Directors (the "**Board**") of Caprock Mining Corp. (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's outside auditors (the "**Independent Auditors**"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties. The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval. In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

**II. AUTHORITY OF THE AUDIT COMMITTEE**

The Committee shall have the authority to:

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

### III. COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the Canadian Securities Exchange, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.
2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
3. Each member of the Committee shall be "financially literate" (as defined by applicable securities laws and regulations).
4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two of the members of the Committee present either in person or by telephone shall constitute a quorum.
5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.
11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.



12. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

#### **IV. RESPONSIBILITIES**

##### ***A. Financial Accounting and Reporting Process and Internal Controls***

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable Canadian accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements. With respect to the annual and interim financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.
3. The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
4. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection IV.A.3, and periodically assess the adequacy of these procedures.
5. The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.
6. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.

8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
9. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

***B. Independent Auditors***

1. The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services (including, without limitation, the review of any interim financial statements of the Corporation by the Independent Auditors at the discretion of the Committee) not prohibited by law to be provided by the Independent Auditors.
4. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
5. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.
7. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Canadian accounting principles that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.
8. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
10. The Committee shall monitor and assess the relationship between management and the external auditors, and monitor and support the independence and objectivity of the external auditors.

**C. *Other Responsibilities***

1. The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.