

# **FORTY PILLARS MINING CORP.**

## **INFORMATION CIRCULAR**

### **FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, AUGUST 25, 2022**

This information is given as of Friday, July 15, 2022 unless otherwise noted.

#### **PERSONS MAKING THE SOLICITATION**

This Information Circular is furnished in connection with the solicitation of proxies by the management of **FORTY PILLARS MINING CORP.** (the “Company”) for use at the Annual General Meeting (the “Meeting”) of the shareholders of the Company, to be held on **THURSDAY, AUGUST 25, 2022**, at the time and location and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

Except as noted below, the Company has distributed or made available for distribution, copies of the Notice, the Information Circular and form of proxy or voting instruction form (“VIF”) (if applicable) (the “Meeting Materials”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “Intermediaries”) for distribution to Beneficial Shareholders (as defined below) whose common shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Company is sending proxy-related materials indirectly to NOBOs (as defined below), through the Intermediaries. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Company if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Company will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Company is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered shareholders or Beneficial Shareholders.

#### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for such shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Company’s transfer agent and registrar, National Securities Administrators Ltd., Proxy Department, Suite 760, 777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4, or by email to [proxy@transferagent.ca](mailto:proxy@transferagent.ca) or fax at 604-559-8908, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment thereof, or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered shareholder or his, her or its attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the shareholder or by such shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:

- (i) at the registered office, 400-725 Granville Street, Vancouver, BC V7Y 1G5, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof; or
  - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

### **EXERCISE OF DISCRETION BY PROXIES**

The persons named in the accompanying form of proxy will vote the common shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. The common shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted on, the common shares will be voted accordingly. **In the absence of such direction, where the management nominees are appointed as proxyholder, such common shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of common shares, or non-objecting beneficial owners (“NOBOs”) whose names has been provided to the Company’s registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of shareholders who do not hold their common shares in their own name (referred to in this section as “Beneficial Shareholders”). If common shares are listed in an account statement provided to a shareholder by an Intermediary, then in almost all cases those common shares will not be registered in such shareholder’s name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder’s Intermediary or an agent of that Intermediary. In Canada, the vast majority of such common shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting common shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Company to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically mails the VIFs or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the

VIFs or proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy or VIF from Broadridge cannot use that proxy to vote common shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their common shares in that capacity.

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert his or her name (or the name of the person that the NOBO wants to attend and vote on the NOBO's behalf) in the space provided on the VIF and return it to the Company or its transfer agent. If the Company receives a written request that the NOBO or its nominee be appointed as proxyholder, if management is holding a proxy with respect to common shares beneficially owned by such NOBO, the Company will arrange, without expense to the NOBO, to appoint the NOBO or its nominee as proxyholder in respect of those common shares. Under NI 54-101, unless corporate law does not allow it, if the NOBO or its nominee is appointed as proxyholder by the Company in this manner, the NOBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. If the Company receives such instructions at least one business day before the deadline for submission of proxies, it is required to deposit the proxy within that deadline, in order to appoint the NOBO or its nominee as proxyholder. **If a NOBO requests that the NOBO or its nominee be appointed as proxyholder, the NOBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the NOBOs vote to be counted.**

**NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact their Intermediary to arrange to change their vote. NOBOs should carefully follow the instructions of their Intermediaries, including those regarding when and where to complete the VIF's that are to be returned to their Intermediaries.**

Should an objecting beneficial owner (an "OBO") wish to attend and vote at the Meeting in person, the OBO should insert his or her name (or the name of the person the OBO wants to attend and vote on the OBO's behalf) in the space provided for that purpose on the request for voting instructions form and return it to the OBO's Intermediary or send the Intermediary another written request that the OBO or its nominee be appointed as proxyholder. The Intermediary is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or its nominee as proxyholder in respect of the OBO's common shares. Under NI 54-101, unless corporate law does not allow it, if the Intermediary makes an appointment in this manner, the OBO or its nominee, as applicable, must be given authority to attend, vote and otherwise act for and on behalf of the Intermediary (who is the registered shareholder) in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. An Intermediary who receives such instructions at least one business day before the deadline for submission of proxies is required to deposit the proxy within that deadline, in order to appoint the OBO or its nominee as proxyholder. **If an OBO requests that an Intermediary appoint the OBO or its nominee as proxyholder, the OBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the OBOs vote to be counted.**

**OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered. Only registered shareholders have the right to revoke a proxy. OBOs who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.**

Shareholders with questions respecting the voting of shares held through an Intermediary should contact that Intermediary for assistance.

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

### **NOTE TO NON-OBJECTING BENEFICIAL OWNERS**

The Meeting Materials are being sent to both registered and NOBOs. If you are a NOBO, and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of common shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at July 15, 2022, 14,692,589 common shares were issued and outstanding.

The Company has fixed the close of business on July 15, 2022 as the record date (the “Record Date”) for the purposes of determining shareholders entitled to receive the Notice and vote at the Meeting. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each common share of which he, she or it is the holder. The Company has no other classes of voting securities.

In accordance with the provisions of the *Business Corporations Act* (British Columbia), the Company will prepare a list of the holders of common shares on the Record Date. Each holder of common shares named on the list will be entitled to vote the common shares shown opposite his, her or its name on the list at the Meeting.

To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Company, other than:

<b>Name</b>	<b>Number of Voting Shares</b>	<b>Percentage</b>
Origen Resources Inc.	6,297,036	42.86%

The above information was provided by management of the Company and the Company’s registrar and transfer agent as of the Record Date.

### **VOTES NECESSARY TO PASS RESOLUTIONS**

Under the Company’s Articles, the quorum for the transaction of business at a meeting of shareholders is two (2) shareholders entitled to vote at the meeting, present in person or represented by proxy. A simple majority of the votes of those shareholders who are present and vote either in person or by proxy at the

Meeting is required in order to pass an ordinary resolution. A majority of two-thirds of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required to pass a special resolution. There are no special resolutions proposed at this Meeting.

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

Other than as disclosed elsewhere in this Information Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, save and except for those matters pertaining to the election of directors.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **General**

For the purpose of this Information Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officer**” or “**NEO**” means: (a) a CEO; (b) a CFO; (c) the Company’s most highly compensated executive officers, including any of the Company’s subsidiaries, or the most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the period from incorporation on February 4, 2021 to February 28, 2021 and from March 1, 2021 to February 28, 2022, the Company had four Named Executive Officers, namely Gary Schellenberg (CEO from February 4, 2021 to May 21, 2021 and CFO from October 15, 2021 to December 1, 2021), Nader Vatanchi (CEO from May 21, 2021 to present), Abdul Mohamed (CFO from May 21, 2021 to October 15, 2021) and Harry Nijjar (CFO from December 1, 2021 to present).

*All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.*

### **General**

The Company was created to facilitate an Arrangement Agreement dated April 2021. In accordance with the Arrangement Agreement, the Company was incorporated as a wholly-owned subsidiary of Origen Resources Inc. (“Origen”). Origen transferred its mineral exploration business and other assets to the Company in exchange for 6,485,174 common shares and \$66,894 in cash. The common shares were then distributed to the shareholders of Origen. The exchange in shares for the exploration business and other assets has been recorded as a capital transaction at the fair value of the net assets received.

The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. Pursuant to the

April 2021 Plan of Arrangement, Origen completed a share reorganization and spun out its Silver Dollar Property, Beatrice Property and \$66,894 in cash to Forty Pillars in exchange for 6,485,174 common shares of Forty Pillars (the “Forty Pillars Shares”) valued at \$0.08.

On May 31, 2021, the Company was listed on the CSE under the symbol PLLR.

### ***Compensation of NEOs***

The Company’s board of directors (the “Board”) has not presently formed a Compensation Committee. Compensation of NEOs is reviewed annually and determined by the Board. The level of compensation for NEOs is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources. In the Board’s view, there is, and has been, no need for the Company to design or implement a formal compensation program for NEOs.

### ***Elements of NEO Compensation***

Base salary and consulting fee levels will reflect the fixed component of pay that will compensate NEOs for fulfilling their roles and responsibilities and assist in the attraction and retention of highly qualified executives. Base salaries will be reviewed annually to ensure they reflect each respective executive’s performance and experience in fulfilling his or her role and to ensure executive retention. Salary and consulting fee levels will be reviewed and revised as the Company grows. Stock options granted under the Company’s stock option plan may also be used as a form of compensation.

### ***Stock Options***

Performance-based incentives will be granted by way of stock options. The awards are intended to align executive interests with those of shareholders by tying compensation to share performance and to assist in retention through vesting provisions.

In determining the number of stock options to be granted to the executive officers and directors, the Board will take into account the number of stock options, if any, previously granted to each executive officer and director and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the CSE.

The number of stock options granted to officers and directors will be dependent on each NEOs and director’s level of responsibility, authority and importance to the Company and to the degree to which such officer’s or director’s long term contribution to the Company will be key to its long term success.

In monitoring or adjusting the option allotments, the Board will take into account its own observations on individual performance (where possible), its assessment of individual contribution to shareholder value and previous option grants. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board will make these determinations subject to and in accordance with the provisions of the stock option plan.

### **Director and Named Executive Officer Compensation**

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long term compensation for services paid to or earned by each director and NEO for the period from incorporation on February 4, 2021 to February 28, 2021 and from March 1, 2021 to February 28, 2022, excluding compensation securities.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Gary Schellenberg Former CEO and CFO <sup>1</sup>	2021 2022	Nil 11,500	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 11,500
Nader Vatanchi CEO and Director <sup>2</sup>	2022	117,500	Nil	Nil	Nil	Nil	117,500
Abdul Mohamed Former CFO <sup>3</sup>	2022	24,750	Nil	Nil	Nil	Nil	24,750
Harry Nijjar CFO <sup>4</sup>	2022	10,353	Nil	Nil	Nil	Nil	10,353
Mike Sieb Former Director <sup>5</sup>	2022	10,000	Nil	Nil	Nil	Nil	10,000
Alex Klenman Former Director and Corporate Secretary <sup>6</sup>	2022	Nil	Nil	Nil	Nil	Nil	Nil
Blake Morgan Director <sup>7</sup>	2022	Nil	Nil	Nil	Nil	Nil	Nil
Emma Fairhurst Director <sup>8</sup>	2022	Nil	Nil	Nil	Nil	Nil	Nil
Christopher Reynolds <sup>9</sup>	2022	Nil	Nil	Nil	Nil	Nil	Nil

1. Mr. Schellenberg was CEO from February 4, 2021 to May 21, 2021 and CFO from October 15, 2021 to December 1, 2021.
2. Mr. Vatanchi was appointed CEO and Director on May 21, 2021.
3. Mr. Mohamed was CFO from May 21, 2021 to October 15, 2021.
4. Mr. Nijjar was appointed CFO on December 1, 2021.
5. Mr. Sieb was a director from May 31, 2021 to March 11, 2022.
6. Mr. Klenman was the Corporate Secretary and a Director from May 21, 2021 to October 5, 2021.
7. Mr. Morgan was appointed a Director on October 5, 2021.
8. Ms. Fairhurst was appointed a Director on March 11, 2022.
9. Mr. Reynolds was appointed a Director on March 21, 2022.

### Stock Options and Other Compensation Securities

The only compensation securities available to be issued or granted by the Company to its directors and NEOs during the period from incorporation on February 4, 2021 to February 28, 2021 and from March 1, 2021 to February 28, 2022 were incentive stock options under the Company's stock option plan.

The following table discloses all compensation securities granted or issued to each director and named executive officer by the Company for the period from incorporation on February 4, 2021 to February 28, 2021 and from March 1, 2021 to February 28, 2022, for services provided or to be provided, directly or indirectly, to the Company.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, underlying securities and percentage of class <sup>(1)</sup> (# / %)	Date of Grant or Issue	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Nader Vatanchi CEO & Director	Stock Options	100,000 15.39%	May 31 2021	\$0.22	\$0.22	\$0.23	May 31 2026
Abdul Mohamed Former CFO & Director	Stock Options	50,000* 7.70%	May 31 2021	\$0.22	\$0.22	\$0.23	May 31 2026
Alex Klenman Former Director & Corporate Secretary	Stock Options	25,000* 3.85%	May 31 2021	\$0.22	\$0.22	\$0.23	May 31 2026
Mike Sieb Former Director	Stock Options	25,000 3.85%	May 31 2021	\$0.22	\$0.22	\$0.23	May 31 2026

Notes:

- (1) All stock options are fully vested unless otherwise indicated. One common share is issuable on the exercise of each stock option.
- (2) The Company's common shares commenced trading on the CSE on May 31, 2021.

*\*These options were cancelled subsequent to the year end.*

### Stock Option Plans and Other Incentive Plans

The Company's stock option plan (the "Plan") was adopted by the Board on April 1, 2021. The purpose of the Plan is to assist the Company in attracting, retaining and motivating directors, officers, employees and consultants (together "eligible persons") of the Company and of its affiliates and to closely align the personal interests of such eligible persons with the interests of the Company and its shareholders.

The Plan provides that the aggregate number of common shares reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time. In addition, the number of common shares, which may be reserved for issuance to any one individual upon the exercise of all stock options held by such individual within a one-year period, may not exceed 5% of the common shares issued and outstanding on the grant date, on a non-diluted basis, unless otherwise approved by disinterested shareholders of the Company. The Plan will be administered by the Board, who will have full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Plan to such eligible persons of the Company and its affiliates, if any, as the Board may from time to time designate, including, but not limited to directors, senior officers, employees of the Company, consultants (as defined in National Instrument 45-106 – *Prospectus Exemptions*), employees of an external management company or a corporation controlled by a consultant of the Company and its subsidiaries, or an eligible charitable organization. The exercise prices shall be determined by the Board, but shall, in no event, be less than the greater of the closing market price of the Company's shares on the CSE on (i) the trading day prior to the date of grant of the Options and (ii) the



date of grant of such Options. Subject to earlier termination in the event of dismissal for cause, early retirement, voluntary resignation or termination other than for cause, or in the event of death or disability, all options granted under the Plan will expire on the date set by the Board as the expiry date of the option, which expiry date shall not be more than 10 years from the date that such options are granted. If an option holder ceases to be a director, officer or employed by or provide services to the Company, other than by reason of death, the options granted will expire on the 90th day following the date the option holder ceases to be affiliated with the Company, subject to any regulatory requirements

Options granted under the Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

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

Except as set out herein, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

On December 1, 2021, the Company entered into an agreement with Malaspina Consultants Inc. (“Malaspina”) pursuant to which Harry Nijjar, a managing director with Malaspina agreed to act as CFO of the Company. Under the terms of the agreement, Malaspina charges the Company for services provided on an hourly basis at a rate of approximately \$185 to \$220 per hour for CFO services.

### **Pension disclosure**

The Company does not provide any form of pension to any of its directors or Named Executive Officers.

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

The following table provides information regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Plan as at February 28, 2022:

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding options #</b>	<b>Weighted-average exercise price of outstanding options \$</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans #</b>
Equity compensation plans approved by security holders	650,000	0.22	799,258
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	650,000	0.22	799,258

The above information is based on 14,492,589 Shares outstanding as at February 28, 2022.

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

At no time during the last completed financial year was any current director, executive officer or employee or any former director, executive officer or employee of the Company, or any proposed nominee for election as a director of the Company:

- (a) indebted to the Company; or
- (b) indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, other than routine indebtedness.

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

The term “informed person” as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means a director or executive officer of the Company, or any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

Except as disclosed elsewhere herein or in the Notes to the Company’s financial statements for the financial years ended September 30, 2020 and 2021, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

## **MANAGEMENT AGREEMENTS**

Except as set out herein, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

## **AUDIT COMMITTEE**

Pursuant to the provisions of section 224 of the *Business Corporations Act* of British Columbia, the Company is required to have an Audit Committee comprised of at least three directors, the majority of whom must not be officers or employees of the Company.

The Company must also, pursuant to the provisions of National Instrument 52-110 *Audit Committees* (“NI 52-110”), have a written charter, which sets out the duties and responsibilities of its audit committee. In providing the following disclosure, the Company is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers.

### **Audit Committee’s Charter**

The full text of the Company’s Audit Committee Charter is disclosed at Schedule “A” to this Information Circular.

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

The Company's Audit Committee is currently composed of the following directors:

Emma Fairhurst (Chair)	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Christopher Reynolds	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Nader Vatanchi	Not Independent <sup>1</sup>	Financially literate <sup>1</sup>

1. As defined by NI 52-110.

### Relevant Education and Experience

All of the Audit Committee members are businesspersons with experience in financial matters, each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, internal controls and procedures necessary for financial reporting, which has been garnered from working in their individual fields of endeavor.

In addition, each of the Company's Audit Committee members has been a director or officer of other Canadian public companies and as a director has been responsible for approving financial statements. See "Directorships" and "Election of Directors" below.

### Audit Committee Oversight

At no time since the commencement of the Company's most recent 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.

### Pre-Approval Policies and Procedures

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

### External Auditor Service Fees (By Category)

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

Financial Year Ending	Audit Fees	Audit Related Fees <sup>1</sup>	Tax Fees <sup>2</sup>	All Other Fees <sup>3</sup>
2021	Nil	Nil	Nil	Nil
2022	5,549	Nil	Nil	Nil

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

## 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. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

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. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### Board of Directors

The Board is currently composed of four directors, Nader Vatanchi, Blake Morgan, Emma Fairhurst and Christopher Reynolds. All of the proposed nominees are current directors of the Company.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NP 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. Of the proposed nominees of the Company, Blake Morgan, Emma Fairhurst and Christopher Reynolds are considered by the Board to be “independent” within the meaning of NI 58-101, and Nader Vatanchi (CEO) is considered to be “non-independent”.

The independent directors exercise their responsibility for independent oversight of management.

Board consideration and approval is required for all material contracts, business transactions and all debt and equity financing proposals. The Board delegates to management, through the CEO, responsibility for meeting defined corporate objectives, evaluating new business opportunities and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives.

The directors believe that, at this early stage of the Company’s development, the current composition of the Board adequately facilitates its exercise of independent supervision over management. The Board anticipates that as the Company matures as a business enterprise, it will identify additional qualified candidates that have experience relevant to the Company’s needs, who are independent of management applying the guidelines contained in applicable legislation.

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the period from incorporation on February 4, 2021 to February 28, 2021 and from March 1, 2021 to February 28, 2022.

## Directorships

Certain of our directors are also directors of other reporting companies, as follows:

<i><b>Director</b></i>	<i><b>Other Reporting Issuer(s)</b></i>	<i><b>Exchange</b></i>
Nader Vatanchi	Spey Resources Corp. Musk Metals Corp.	CSE CSE
Blake Morgan	Origen Resources Inc. Opawica Explorations Inc. Volatus Capital Corp.	CSE TSXV CSE
Emma Fairhurst	Crest Resources Inc.	CSE
Christopher Reynolds	Rain City Resources Inc. Opawica Explorations Inc. Jessy Ventures Corp. Golcap Resources Corp. Volatus Capital Corp.	CSE TSXV TSXV CSE CSE

## Orientation and Continuing Education

New directors are briefed on the Company's current property holdings, ongoing exploration programs, overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. There is no formal orientation for new members of the Board. This is considered to be appropriate, given the Company's size and current level of operations, the ongoing interaction amongst the directors and the low director turn-over. However, if the growth of the Company's operations warrants it, it is possible that a formal orientation process would be implemented.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. The directors are advised that, if a director believes that it would be appropriate to attend any continuing education event for corporate directors, the Company will pay for the cost thereof. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Board.

## Ethical Business Conduct

The Board has not adopted a written Code of Ethical Conduct for its directors, officers and employees at this time. The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the 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 in the best interests of the Company and its shareholders.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the British Columbia *Business Corporations Act*, 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 would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

### **Nomination of Directors**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. The Board is continually in contact with individuals involved in the mineral exploration industry and public sector resource issuers. From these sources the Company has made numerous contacts and in the event that the Company were in a position to nominate any new directors, such individuals would be brought to the attention of the Board. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve.

### **Compensation**

The directors receive no cash compensation for acting in their capacity as directors of the Company. The compensation for senior management of the Company is determined by and at the discretion of the Board. The Board determines compensation for the directors, the CEO and the CFO. See “*Statement of Executive Compensation*” above.

### **Other Board Committees**

At present, the Board has no committees other than an Audit Committee. The Company has no present intention of creating any other committees, but may do so in the future should its Board become larger. All Board decisions are made by full board of director meetings or consent resolutions.

### **Assessments**

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

## **MANAGEMENT CONTRACTS**

Except as set out herein, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

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

#### **A. Financial Statements**

The consolidated financial statements of the Company for the period from incorporation on February 4, 2021 to February 28, 2021 and from March 1, 2021 to February 28, 2022, report of the auditor and related

management discussion and analysis (together, the “financial statements”) will be placed before the Meeting. No formal action will be taken at the Meeting to approve the financial statements.

## **B. Election of Directors**

The Board presently consists of four directors. The Board has, by resolution, fixed the number of directors for the time being at four, subject to such increases as may be permitted by the articles of the Company. There will therefore be four directors to be elected at the Meeting for the ensuing year. All of the nominees are currently directors of the Company and have been directors since the dates indicated in the following table.

The directors of the Company are elected annually and hold office until the next annual general meeting of the Shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by Management will be voted for the nominees listed in this Information Circular. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

<b>Name, Province/State and Country of Residence and Other Positions, if any, held with the Company</b>	<b>Date First Became a Director</b>	<b>Number of Shares Beneficially Owned, Directly or Indirectly<sup>1</sup></b>
<b>Nader Vatanchi<sup>2</sup></b> British Columbia, Canada <i>CEO and Director</i>	Since May 21, 2021	500,000
<b>Blake Morgan</b> British Columbia, Canada <i>Director</i>	Since October 5, 2021	Nil
<b>Emma Fairhurst<sup>2</sup></b> British Columbia, Canada <i>Director</i>	Since March 11, 2022	Nil
<b>Christopher Reynolds<sup>2</sup></b> British Columbia, Canada <i>Director</i>	Since March 21, 2022	Nil

1. The information as to voting shares beneficially owned, directly or indirectly, has been furnished by the respective nominees individually.
2. Member of the Audit Committee.

The Company does not have an executive committee of its Board.

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

***Occupation, Business or Employment of Director Nominees***

**Nader Vatanchi – CEO and Director**

Mr. Vatanchi having 9 years of experience in finance starting with Edward Jones and IG Wealth Management in 2012 where he spent a combined 6 years before selling his business to pursue his entrepreneurial goals. Mr. Vatanchi graduated with a Bachelor of Arts in Criminology from Simon Fraser University. Currently he serves as CEO of Musk Metals Corp. (CSE: MUSK), CEO of Spey Resources Corp. (CSE: SPEY), and CFO of Triangle Industries Ltd., a reporting issuer.

**Blake Morgan - Director**

Mr. Morgan has over 15 years' experience in the mining industry, including 10 years dedicated to the mining and natural resource sector in Australia, with Rio Tinto, BMA Metals (subsidiary of BHP) and Santos LTD. He is the CEO of Opawica Explorations (OPW) and the President of Origen Resources (ORGN). He has been instrumental in consolidating significant exploration land packages and financing their development for public and private resource exploration companies all over the world.

**Emma Fairhurst - Director**

Ms. Fairhurst has 20 years experience in the venture capital financial and public company markets. Ms. Fairhurst worked at Canaccord Genuity where she administered hundreds of millions in assets, private placements and financings before becoming an investor in her own right. She subsequently went on to be a founder and executive in the resource business venture sector. Her collective experiences have led to many appointments as Director for various private and public companies, including being the chairperson of Crest Resources Inc. Ms. Fairhurst has over 15 years experience in international development and corporate responsibility, working significantly in East Africa. She is a director and founding member of Global Change for Children Society, a volunteer charity sponsored by numerous mining companies.

**Christopher Reynolds – Director**

Mr. Reynolds has been an investor in the natural resource sector for over 10 years. Delivering solutions for corporate structure, strategy and communications for small-capitalization juniors, he was an instrumental part in the incubation of Lithium Consolidated Mineral Exploration, which went public on the Australian Securities Exchange in 2017. He started his career at Longview Capital Partners in corporate development, and then worked as an investment adviser at Mackie Research. He is currently the founder of Progenitor Metals Corp. and director of several Canadian listed companies, including Opawica Explorations Inc.

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

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

- (a) was subject to an order that was issued while the proposed director 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.

For the purposes hereof, the term “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) 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.

No proposed director:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while such person was acting in such capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Information Circular, 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 has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director has been subject to:

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

### **C. Appointment of Auditor**

Management of the Company has recommended to the Board that the Company propose Davidson & Company LLP, Chartered Professional Accountants, the incumbent auditors, to the shareholders for re-election as the Company’s auditors. Accordingly, unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Davidson & Company LLP, as auditors of the Company for the ensuing year, until the close of the next annual general meeting of shareholders, at a remuneration to be fixed by the directors. Davidson & Company LLP was appointed to the position of auditor of the Company on April 2021.

### **OTHER MATTERS**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under “Company Profiles – Forty Pillars Mining Corp.”. The Company’s consolidated financial statements and management discussion and analysis (“MD&A”) for the period from incorporation on February 4, 2021 to February 28, 2021 and from March 1, 2021 to February 28, 2022 are available for review under the Company’s profile on SEDAR. Shareholders may contact the Company to request copies of the financial statements and MD&A by (i) mail to #488-625 Howe Street, Vancouver, BC V6C 2T6; or (ii) email to Nader Vatanchi at [nadervatanchi@hotmail.com](mailto:nadervatanchi@hotmail.com).

### **BOARD APPROVAL**

The contents of this Information Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 18th day of July, 2022.

### **ON BEHALF OF THE BOARD OF FORTY PILLARS MINING CORP.**

***“Nader Vatanchi”***

Chief Executive Officer

## **SCHEDULE “A”**

### **FORTY PILLARS MINING CORP. (the “Company”)**

#### **AUDIT COMMITTEE CHARTER**

##### **1. Mandate and Purpose of the Committee**

The Audit Committee (the “Committee”) of the board of directors (the “Board”) of the Company is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company's financial statements;
- (b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;
- (c) the qualifications, independence and performance of the Company's auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Company's internal audit function;
- (f) consideration and approval of certain related party transactions; and
- (g) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

##### **2. Authority**

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- (b) communicate directly with the Company's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

##### **3. Composition and Expertise**

The Committee shall be composed of a minimum of three members, each of whom is a director of the Company. The majority of the Committee's members must not be officers or employees of the Company or an affiliate of the Company.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chairman of the Committee. If the Chairman of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

#### **4. Meetings**

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chairman shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 72 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee who are not officers or employees of the Company or an affiliate of the Company shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. Business may also be transacted by the unanimous written consent resolutions of the members of the Committee, which when so approved shall be deemed to be resolutions passed at a duly called and constituted meeting of the Committee.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

#### **5. Committee and Charter Review**

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board. The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the Canadian Securities Exchange and shall recommend changes to the Board thereon.

#### **6. Reporting to the Board**

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

#### **7. Duties and Responsibilities**

##### **(a) Financial Reporting**

The Committee is responsible for reviewing and recommending approval to the Board of the Company's annual and interim financial statements, any auditor's report thereon, MD&A and related news releases, before they are published.

The Committee is also responsible for:

- (i) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;
- (ii) engaging the Company's auditor to perform a review of the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;
- (iii) discussing with management and the Company's auditor the quality of applicable accounting principles and financial reporting standards, not just the acceptability of thereof;
- (iv) discussing with management any significant variances between comparative reporting periods; and
- (v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

**(b) Auditor**

The Committee is responsible for recommending to the Board:

- (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
- (ii) the compensation of the Company's auditor.

The Company's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

**(c) Relationship with the Auditor**

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

- (i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;
- (iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

**(d) Accounting Policies**

The Committee is responsible for:

- (i) reviewing the Company's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;
- (ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;
- (iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
- (v) discussing with management and the auditor the clarity and completeness of the Company's financial disclosures.

(e) **Risk and Uncertainty**

The Committee is responsible for reviewing, as part of its approval of the financial statements:

- (i) uncertainty notes and disclosures; and
- (ii) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and ongoing monitoring.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

(f) **Controls and Control Deviations**

The Committee is responsible for reviewing:

- (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
- (ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

(g) **Compliance with Laws and Regulations**

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as:

- (i) tax and financial reporting laws and regulations;
- (ii) legal withholdings requirements;
- (iii) environmental protection laws; and
- (iv) other matters for which directors face liability exposure.

(h) **Related Party Transactions**

All transactions between the Company and a related party (each a "related party transaction"), other than transactions entered into in the ordinary course of business, shall be presented to the Committee for consideration.

The term "related party" includes (i) all directors, officers, employees, consultants and their associates (as that term is defined in the *Securities Act* (British Columbia), as well as all entities with common directors, officers, employees and consultants (each "general related parties"), and (ii) all other individuals and entities having beneficial ownership of, or control or direction over, directly or indirectly securities of the Company carrying more than 10% of the voting rights attached to all of the Company's outstanding voting securities (each "10% shareholders").

Related party transactions involving general related parties which are not material to the Company require review and approval by the Committee. Related party transactions that are material to the Company or that involve 10% shareholders require approval by the Board, following review thereof by the Committee and the Committee providing its recommendation thereon to the Board.

**8. Non-Audit Services**

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

**9. Submission Systems and Treatment of Complaints**

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee is responsible for reviewing complaints and concerns that are brought to the attention of the Chairman of the Audit Committee and for ensuring that any such complaints and concerns are appropriately addressed. The Committee shall report quarterly to the Board on the status of any complaints or concerns received by the Committee.

**10. Procedure for Reporting of Fraud or Control Weaknesses**

Each employee is expected to report situations in which he or she suspects fraud or is aware of any internal control weaknesses. An employee should treat suspected fraud seriously, and ensure that the situation is brought to the attention of the Committee. In addition, weaknesses in the internal control procedures of the Company that may result in errors or omissions in financial information, or that create a risk of potential fraud or loss of the Company's assets, should be brought to the attention of both management and the Committee.

To facilitate the reporting of suspected fraud, it is the policy of Company that the employee (the "whistleblower") has anonymous and direct access to the Chairman of the Audit Committee.

Should a new Chairman be appointed prior to the updating of this document, the current Chairman will ensure that the whistleblower is able to reach the new Chairman in a timely manner. In the event that the Chairman of the Audit Committee cannot be reached, the whistleblower should contact the Chairman of the Board.

In addition, it is the policy of the Company that employees concerned about reporting internal control weaknesses directly to management are able to report such weaknesses to the Committee anonymously. In this case, the employee should follow the same procedure detailed above for reporting suspected fraud.

#### **11. Hiring Policies**

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.