

**NOTICE OF MEETING  
AND  
INFORMATION CIRCULAR**

**FOR THE  
ANNUAL GENERAL MEETING  
OF SHAREHOLDERS  
OF  
STEARMAN RESOURCES INC.**

**To be held on Monday, September 9, 2024**

**Dated: August 6, 2024**

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the **Annual General** meeting (the “**Meeting**”) of **STEARMAN RESOURCES INC.** (the “**Company**”) will be held at Suite 1500 – 1055 W. Georgia Street, Vancouver, British Columbia, on **Monday, September 9, 2024**, at **11:00 a.m.** (Pacific Time).

**Only those registered shareholders or duly appointed proxyholders who attend the Meeting in person will be permitted to vote at the Meeting.**

The Meeting is to be held for the following purposes:

- to receive the audited financial statements of the Company for the financial year ended August 31, 2023, together with the auditor’s report thereon;
- to fix number of directors at four (4);
- to elect directors for the ensuing year;
- to appoint Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as the Company’s auditor for the ensuing year, and to authorize the directors to fix the remuneration to be paid to the auditor;
- to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to ratify, confirm and approve the existing 10% “rolling” Stock Option Plan of the Company, as more particularly described in the information circular;
- to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the Company’s new Restricted Share Unit Plan, as more particularly set forth in the Information Circular; and
- to transact any such other business as may properly come before the Meeting or any adjournments thereof.

The accompanying information circular (the “**Information Circular**”) provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. No other matters are contemplated, however, any permitted amendment to or variation of any matter identified in this Notice may properly be considered at the Meeting. The Meeting may also consider the transaction of such further and other business as may properly come before the Meeting or any adjournment or postponement thereof.

The audited financial statements for the financial year ended August 31, 2023, the report of the auditor and the related management discussion and analysis will be made available at the Meeting and are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the document type named audited annual financial statements as filed on December 20, 2023.

Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Information Circular.

Non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account, you are a non-registered shareholder.

**DATED** at Vancouver, British Columbia, this **6<sup>th</sup>** day of **August, 2024**.

BY ORDER OF THE BOARD OF DIRECTORS:

**STEARMAN RESOURCES INC.**

Signed: “*Howard Milne*”

HOWARD MILNE

President, Chief Executive Officer and Director

# MANAGEMENT INFORMATION CIRCULAR

as at August 6, 2024  
(except as otherwise indicated)

## SECTION 1 - INTRODUCTION

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This information circular (the “**Information Circular**”) accompanies the notice of annual general and special meeting (the “**Notice**”) and is furnished to shareholders (the “**Shareholders**”) holding common shares (the “**Shares**”) in the capital of Stearman Resources Inc. (the “**Company**”) in connection with the solicitation by the management of the Company of proxies to be voted at the annual general and special meeting (the “**Meeting**”) of the Shareholders to be held at **Suite 1500 – 1055 W. Georgia Street, Vancouver, British Columbia, on Monday, September 9, 2024, at 11:00 a.m.** (Pacific Time), or at any continuation of the Meeting following an adjournment or postponement thereof.

### DATE AND CURRENCY

The date of this Information Circular is August 6, 2024. Unless otherwise stated, all amounts herein are in Canadian dollars.

## SECTION 2 – PROXIES AND VOTING RIGHTS

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### MANAGEMENT SOLICITATION

The solicitation of proxies by management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining from their principals’ authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out-of-pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

### NOTICE-AND-ACCESS

The Company is not relying on the “Notice and Access” delivery procedures outlined in National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), to distribute copies of proxy-related materials in connection with the Meeting by posting them on a website.

### APPOINTMENT OF PROXY

Registered Shareholders are entitled to vote at the Meeting. A Shareholder is entitled to one vote for each Share that such Shareholder holds on the record date of July 19, 2024 (the “**Record Date**”) on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders (the “**Designated Persons**”) in the enclosed form of proxy are directors and/or officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE MEETING, OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED FORM OF PROXY.**

**TO EXERCISE THE RIGHT, THE SHAREHOLDER MAY DO SO BY STRIKING OUT THE PRINTED NAMES AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE’S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER’S SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

Those Shareholders desiring to be represented at the Meeting by proxy must deposit their respective forms of proxy with the company’s registrar and transfer agent, Odyssey Trust Company by: (a) mail addressed to Odyssey Trust Company, Suite 350, 409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2, Attention: Proxy Department; hand delivery to Odyssey Trust Company, Suite 350, 409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2; (c) by facsimile to 800-517-4553, or (d) electronically by following the instructions in the form of proxy. If you vote through the internet, you may also appoint another person to be your proxyholder. Please go to <http://login.odysseytrust.com/pxlogin> and follow the instructions. You will require your 12-digit control number found on your form of proxy.

A proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder’s attorney-in-fact duly authorized by that Shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders, or by an officer or attorney-in-fact for a corporate Shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarized certified copy thereof, must accompany the form of proxy.

#### **REVOCATION OF PROXIES**

A registered Shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that Shareholder or by that Shareholder’s attorney-in-fact authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to Odyssey Trust Company, Suite 350, 409 Granville Street, Vancouver, BC, V6C 1T2, 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) to the Chair of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (a) attendance at the Meeting and participation in a poll (ballot) by a Shareholder, or (b) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

#### **VOTING OF SHARES AND PROXIES AND EXERCISE OF DISCRETION BY DESIGNATED PERSONS**

A Shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. If the Shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the Shares represented will be voted or withheld from the vote on that matter accordingly. **The Shares represented by a 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 upon, the Shares will be voted accordingly.

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the Shares on any matter, the Shares that are the subject of the abstention or withholding will be counted for determination of a quorum but will not be counted as affirmative or negative on the matter to be voted upon.

### **ADVICE TO BENEFICIAL SHAREHOLDERS (NON-REGISTERED SHAREHOLDERS)**

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

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

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

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

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

**Meeting in order to have your Shares voted at the Meeting, or to have an alternate representative duly appointed to attend the Meeting and vote your Shares.**

**NOTICE TO SHAREHOLDERS IN THE UNITED STATES**

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

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

## **SECTION 3 - VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

### **VOTING OF COMMON SHARES**

The Company is authorized to issue an unlimited number of common shares without par value and without special rights or restrictions attached (the “**Shares**”). As at the Record Date, determined by the board of directors (the “**Board**”) to be the close of business on July 19, 2024, a total of 12,517,000 Shares were issued and outstanding were issued and outstanding.

Only registered Shareholders as at the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or at the continuation of the Meeting following any adjournment or postponement thereof. No group of Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares. Each Shareholder is entitled to one vote for each Share registered in his or her name.

### **PRINCIPAL HOLDERS OF COMMON SHARES**

To the knowledge of the Company’s directors or executive officers, as at July 19, 2024, the Record Date, the below person beneficially owns, directly or indirectly, or exercise control or direction over, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company is:

<b>Shareholder Name</b>	<b>Number of Common Shares held</b>	<b>Percentage of Issued Common Shares</b>
Steve Mathiesen	2,148,000 <sup>(1)</sup>	17.16% <sup>(2)</sup>

**NOTES:**

- (1) Based on 12,517,000 common shares issued and outstanding as at Record Date.
- (2) Information as to shares beneficially owned, not being within our knowledge has been furnished by the respective person, has been extracted from the list of registered shareholders maintained by the Company’s transfer agent, has been obtained from insider reports filed by respective person and available through the Internet at the Canadian System for Electronic Disclosure by Insiders ([www.sedi.ca](http://www.sedi.ca)) or has been obtained from early warning report and alternative monthly reports filed by the respective person and available through the Internet at the Canadian System for Electronic Document Analysis and Retrieval Plus ([www.sedarplus.ca](http://www.sedarplus.ca)).

## QUORUM

Pursuant to the Company's Articles, the quorum for the transaction of business at a meeting of shareholders is at least one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

## SECTION 4 - THE BUSINESS OF THE MEETING

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**MANAGEMENT KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THOSE REFERRED TO IN THE NOTICE. HOWEVER, IF ANY OTHER MATTERS THAT ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE ON SUCH MATTERS IN ACCORDANCE WITH THEIR BEST JUDGEMENT.**

Additional details regarding each of the matters to be acted upon at the Meeting are set forth below.

### 1. FINANCIAL STATEMENTS

The audited financial statements of the Company for the financial year ended August 31, 2023, together with the auditor's report thereon (collectively, the "**Financial Statements**"), will be presented to Shareholders at the Meeting.

Copies of these documents will be available at the Meeting and may also be obtained by a Shareholder upon request without charge from the Company, by mailing the request to Suite 170 – 422 Richards Street, Vancouver, BC, V6B 2Z4, or via email to [steve.mathiesen@shaw.ca](mailto:steve.mathiesen@shaw.ca). The Financial Statements are also available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the document type named audited annual financial statements as filed on December 20, 2023.

Management will review the Company's financial results at the Meeting and Shareholders and proxyholders will be given an opportunity to discuss these results with management. **No approval or other action needs to be taken at the Meeting in respect of the Financial Statements.**

### 2. ELECTION OF DIRECTORS

#### *Number of Directors*

The directors of the Company are elected at each annual meeting and hold office until the next annual meeting, or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal.

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at **four (4)**. The number of directors will be approved if the majority of Shares present or represented by proxy at the Meeting and entitled to vote are voted in favour of setting the number of directors at **four (4)**.

**Management recommends Shareholders vote in favour of the resolution setting the number of directors at four (4). Unless you provide instructions otherwise, the Designated Persons intend to vote FOR the resolution setting the number of directors at four (4).**

#### *Advance Notice Provisions*

The Company has adopted advance notice provisions (the "**Advance Notice Provisions**") in its constating documents. The Advance Notice Provisions include, among other things, a provision that requires advance notice be given to the Company in circumstances where nomination of persons for election to the Board are made by Shareholders of the Company. The Advance Notice Provisions set a deadline by which Shareholders must submit nominations (a "**Notice**") for the election of directors to the Company prior to any annual or special meeting of Shareholders. The Advance Notice Provisions also set

forth the information that a Shareholder must include in the Notice to the Company and establishes the form in which the Shareholder must submit the Notice for that notice to be in proper written form.

In the case of an annual meeting of Shareholders, a Notice must be provided to the Company not less than 30 days and not more than 65 days prior to the date of the annual meeting. However, in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, a Notice must be provided to the Company not later than the close of business on the 10<sup>th</sup> day following such public announcement. The Advance Notice Provisions are available for viewing in the Articles of the Company available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the Company's profile.

As at the date of this Information Circular, the Company has not received notice of a nomination in compliance with the Advance Notice Provisions and, as such, management's nominees for election as directors set forth below shall be the only nominees eligible to stand for election at the Meeting.

#### *Nominees for Election*

Management of the Company proposes to nominate the persons named in the table below for election by the Shareholders as directors of the Company. All of the nominees are current members of the Board and each has agreed to stand for election. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director.

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

<b>Name and place of residence<sup>(1)</sup></b>	<b>Principal occupation for the past five years<sup>(1)</sup></b>	<b>Director since</b>	<b>Number of shares<sup>(2)</sup></b>
<b>Howard Milne<sup>(3)</sup></b> British Columbia, Canada <i>CEO, President and Director</i>	Principal, HDM Capital Inc., a private management company. He is a director and the CEO of the Company from March 2022 to present and a director of Hi-View Resources Inc. from June 2021 to present and the CEO from June 2021 to August 2023 and from January 2024 to present.  Vice President Business Development of Edison Lithium Corp. from December 2016 to September 2019; formerly President of Edison Lithium Corp. from November 2014 to January 2017; CEO and a director of Freeman Gold Corp. from October 2018 to May 2020; CEO, President and a director of Baden Resources Inc. (now Northstar Gaming Holdings Inc.) from January 2020 to March 2023.	March 1, 2022	900,000
<b>Steve Mathiesen</b> British Columbia, Canada <i>Director</i>	President of Sash Management Ltd, a private consulting company, since Jan 2012, which provides the services of Mr. Mathiesen as a director, secretary or consultant to several private and public companies. He is the CFO and a director of the Company from March 2022 to present and the CFO and a director of Hi-View Resources Inc. from June 2021 to present.	March 1, 2022	2,148,000



Name and place of residence <sup>(1)</sup>	Principal occupation for the past five years <sup>(1)</sup>	Director since	Number of shares <sup>(2)</sup>
	CFO and a director of Freeman Gold Corp. from October 2018 to June 2020; CFO and a director of Baden Resources Inc. (now Northstar Gaming Holdings Inc.) from January 2020 to March 2023.		
<b>James Place<sup>(3)</sup></b> British Columbia, Canada <i>Director</i>	Owner/Consultant, Geomorph Consulting 2001 to present. Director of Inspiration Energy Corp. from March 2022 to present; director of Peak Minerals Ltd. from July 2022 to present; director of Maclaren Minerals Ltd. from September 2023 to present.  Director of Highrock Resources Ltd. from December 2022 to February 2024; director of Belmont Resources Inc. from February 2018 to December 2023; director of Hi-View Resources Inc. from June 2021 to August 2023; director of Pegmatite One Lithium and Gold Corp. (formerly Madi Resources Ltd.) from March 2022 to April 2023; director of Baden Resources Inc. (now NorthStar Gaming Holdings Inc.) from January 2020 to March 2023; director, President and CEO, Highbank Resources Ltd. from April, 2013 until July 2022; director of Rockland Resources Ltd. from February 2021 until May 2021; director of 79 Resources Ltd. from April 2019 until May 2021; director of Freeman Gold Corp. from October 2018 to April 2020; President and CEO of Belmont Resources Inc. from November 2018 to November 2019.	March 21, 2022	202,000
<b>Emily Sewell<sup>(3)</sup></b> British Columbia, Canada <i>Director</i>	CFO and a director of Musk Metals Corp from August 2021 to present; director of Hi-View Resources from September 2021 to present.  VP, Finance and Development of a clothing design and manufacturing company from May 2021 to June 2023; associate at RBC Dominion Securities, August 2017 to May 2018 and Associate at RBC Global Asset Management from May 2018 to May 2021.	March 21, 2022	200,000

**NOTES:**

- (1) Information has been provided by the respective directors or nominees, as applicable.
- (2) Information as to shares beneficially owned, has been furnished by the respective person, has been extracted from the list of registered shareholders maintained by the Company's transfer agent, has been obtained from insider reports filed by respective person and available through the Internet at the Canadian System for Electronic Disclosure by Insiders (SEDI) or has been obtained from early warning report and alternative monthly reports filed by the respective person and available through the Internet at the Canadian System for Electronic Document Analysis and Retrieval Plus (SEDAR+).
- (3) Member of the Audit Committee.

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.

## **Biographies**

The following biographies provide information in respect of the directors and officers of the Company.

### **Howard Milne - Chief Executive Officer, President and Director**

Howard D. Milne is a strategist in the area of sales and marketing and possesses experience in the development of private and public companies. Mr. Milne has held various corporate roles including CEO and Vice President, as has a background in investor relations acting for various listed companies.

Mr. Milne played a role in the launch of Victory Ventures Inc., which became Edison Battery Metals Corp. and is now Edison Lithium Corp. on the TSX Venture Exchange and was the Vice President of Business Development to September 2019. Mr. Milne was CEO and a director of Lodge Resources Inc., listed on the CSE, now Freeman Gold Corp., listed on the TSX Venture Exchange, from October 2018 to May 2020. He was the CEO, President and a director of Baden Resources Inc., listed on the CSE (now NorthStar Gaming Holdings Inc. listed on the TSX Venture Exchange), from January 2020 to March 2023, and CEO, President and a director of Hi-View Resources Inc., listed on the CSE, from June 2021 to present and the CEO from June 2021 to August 2023 and from January 2024 to present.

### **Steve Mathiesen - Chief Financial Officer, Corporate Secretary and Director**

Steve Mathiesen was a corporate and securities lawyer for more than 30 years and is now a corporate director. Until 2011, he was a partner at the national law firm, McMillan LLP. He is currently on the board of or consultant to several private and public companies and was the CFO and a director of Baden Resources Inc. (now Northstar Gaming Holdings Inc.) from January 2020 to March 2023 and CFO and a director of Hi-View Resources Inc., listed on the CSE, from June 2021 to present. He holds the ICD.D designation from the Institute of Corporate Directors.

### **James Place - Director**

Mr. Place is a retired professional geoscientist (previously registered in B.C.) with more than 30 years of experience in the mining, heavy construction, and engineering fields. He has worked on all phases of mineral projects from exploration and permitting through to testing, development, marketing, production and reclamation; primarily in Western North America.

Mr. Place has held positions with public companies (Belmont Resources Inc., Highbank Resources Ltd., and Edison Lithium Corp.), government, engineering companies, and environmental consulting companies. Included are the B.C. Ministry of Transportation; Levelton Consultants Ltd. of Richmond, B.C.; Uplands Resources Inc. – Vice President Exploration and Quality Control; and ECL Environment Solutions as Senior Geologist.

Mr. Place received a Bachelor of Science degree in Physical Geography from the University of Victoria (B.C.) in 1983. Mr. Place has been a registered professional geoscientist with the Association of Professional Engineers and Geoscientists of British Columbia from 1992 to 2022.

### **Emily Sewell - Director**

Emily Sewell is the CFO and a director of Musk Metals Corp from August 2021 to present. She was the VP, Finance and Development of a clothing design and manufacturing company, May 2021 to June 2023, and was an associate at RBC Dominion Securities from August 2017 to May 2018 and an associate at RBC Global Asset Management from May 2018 to May 2021.

Ms. Sewell holds a Bachelor of Commerce from UBC's Sauder School of Business with a major in finance.

## **CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS**

Except as set forth below, to the knowledge of the management of the Company, no proposed nominee for election as a director of the Company:

- (a) is, 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,

- (i) was subject to a cease trade order, an order similar to a cease trade order, or 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 (an “**Order**”) that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer; or
  - (ii) 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,
- (b) is, at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,
- (c) has, within the 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 had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director, or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

James Place, a director of the Company was a director of Nomad Ventures Inc. (“**Nomad**”), a TSX Venture Exchange Issuer, at the time that Nomad was subject to a cease trade order from July 5, 2016 to August 16, 2016 for failure to file annual audited financial statements for the year ended February 29, 2016 and management’s discussion and analysis for the period ended February 29, 2016. The cease trade order was revoked by the British Columbia Securities Commission on August 16, 2016.

**A Shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. Management recommends Shareholders vote in favour of the election of each of the nominees listed above for election as directors of the Company for the ensuing year. Unless you provide instructions otherwise, the Designated Persons intend to vote FOR the above nominees.**

### **3. APPOINTMENT OF AUDITORS**

At the Meeting, Shareholders will be asked to vote for the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, located at Suite 1500, 1140 West Pender Street, Vancouver, BC, V6E 4G1, as auditor of the Company to hold office until the next annual meeting of Shareholders, or until a successor is appointed, and to authorize the directors of the Company to fix the auditor’s remuneration. See Section 6 – Audit Committee – External Auditor Service Fees. Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, has served as auditor of the Company since March 1, 2022.

**Management recommends Shareholders vote in favour of the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year and authorize the Board to fix the auditor’s remuneration. Unless you provide**

**instructions otherwise, the Designated Persons intend to vote FOR the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as the Company's auditor until the close of its next annual meeting and to authorize the Board to fix the remuneration to be paid to the auditor.**

#### **4. STOCK OPTION PLAN**

On May 9, 2022, the Board of the Company adopted a 10% rolling stock option plan (the "**Stock Option Plan**"), in accordance with the policies of the Canadian Securities Exchange (the "**Exchange**"), which provides that the Board of the Issuer may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Issuer non-transferable options ("**Options**"), which are exercisable for a period of up to ten years, to purchase up to 10% of the issued and outstanding Common Shares of the Issuer.

At the Meeting, Shareholder will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to ratify, confirm and approve the existing Stock Option Plan of the Company.

The purpose of the Stock Option Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

The following is a summary of the material terms of the Plan:

Subject to adjustment as provided for in the Stock Option Plan, the number of Shares which will be available for purchase pursuant to Options granted pursuant to the Stock Option Plan, plus any other outstanding incentive stock options of the Company granted to a previous stock option plan or agreement, will not exceed 10% of the issued and outstanding common shares of the Company. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Share in respect of such expired or terminated Options shall again be available for the purpose of granting Options pursuant to the Stock Option Plan.

In addition, the number of Common Shares reserved for issuance to any one person in a 12 month period shall not exceed 5% of the issued and outstanding Common Shares, the maximum number of Stock Options which may be granted to any one consultant in a 12 month period will not exceed 2% of the issued and outstanding Common Shares and the maximum number of Stock Options which may be granted to employees or consultants engaged in investor relations activities in a 12 month period will not exceed 2% of the issued and outstanding Common Shares and such Stock Options granted to employees or consultants engaged in investor relations activities must vest in stages over 12 months with no more than 25% of the Stock Options vesting in any three month period. The Board will determine the price per Common Share and the number of Common Shares which may be allotted to each director, officer, employee and consultant and all other terms and conditions of the Stock Options, subject to the rules of the Exchange, when such Stock Options are granted. Stock Options must be exercised within 180 days of termination of employment or cessation of the option holder's position with the Issuer, subject to the expiry date of such Stock Option and certain other provisions of the Stock Option Plan. The price per Common Share set by the Board, provided that the Common Shares are traded on an organized trading facility, shall not be less than the closing trading price of the Common Shares on the last day prior to the date on which such Stock Option is granted, less the applicable discount permitted (if any) by such applicable exchange or market.

The foregoing is only a summary of the material terms of the Stock Option Plan. The full text of the Stock Option will be available at the Meeting and may also be obtained by a Shareholder upon request without charge from the Company, by mailing the request to Suite 170 – 422 Richards Street, Vancouver, BC, V6B 2Z4, or via email to [steve.mathiesen@shaw.ca](mailto:steve.mathiesen@shaw.ca). The Stock Option Plan is also available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the document type named other securityholders documents as filed on July 31, 2024.

Accordingly, Shareholders will be asked to pass an ordinary resolution, in substantially the following form, to ratify, confirm and approve the Existing Plan:

Copies of these documents will be available at the Meeting and may also be obtained by a Shareholder upon request without charge from the Company, by mailing the request to Suite 170 – 422 Richards Street, Vancouver, BC, V6B 2Z4, or via email to [steve.mathiesen@shaw.ca](mailto:steve.mathiesen@shaw.ca). The Financial Statements are also available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the document type named audited annual financial statements as filed on December 20, 2023.

**“BE IT RESOLVED**, as an ordinary resolution, that:

1. the Stock Option Plan as described in the Information Circular dated August 6, 2024, be and is hereby ratified, confirmed and approved;
2. The Company be and is hereby authorized and approved to grant stock options pursuant and subject to the terms and conditions of the Stock Option Plan approving all unallocated entitlements entitling all of the option holders in aggregate to purchase up to such number of common shares of the Company as is equal to 10% of the number of common shares of the Company issued and outstanding on the applicable date of grant;
3. The Board of the Company is authorized to make such amendments to the Stock Option Plan from time to time as the Board may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, the Shareholders of the Company in accordance with the terms of the Stock Option Plan;
4. The Company be and is hereby required to obtain Shareholder approval of the Stock Option Plan within a three-year period from the last date of Shareholder approval of the Stock Option Plan, such date the Company is required to obtain Shareholder approval would be on or before September 9, 2027;
5. any director or officer of the Company is hereby authorized, approved and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing; and
6. notwithstanding that this resolution has been duly passed by the Shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the Board.”

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting.

**Management of the Company concludes that the existing Stock Option Plan is fair and reasonable to the Shareholders and in the best interest of the Company, and recommends Shareholders vote in favour of ratifying, confirming and approving the Stock Option Plan. Unless you provide instructions otherwise, the Designated Persons intend to vote FOR the ratification, confirmation and approval of the Stock Option Plan.**

## **5. Approval of Restricted Share Unit Plan**

The Board of the Company adopted a 20% restricted share unit plan (the “**RSU Plan**”), in accordance with the policies of the Canadian Securities Exchange (the “**Exchange**”), which provides that the Board of the Issuer may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Issuer non-transferable restricted share units (the “**RSUs**”) to purchase up to 20% of the issued and outstanding Shares of the Issuer.

At the Meeting, Shareholder will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to ratify, confirm and approve the existing RSU Plan of the Company.

The purpose of the of the RSU Plan is to promote and advance the interests of the Company by (i) providing eligible persons with additional incentive through an opportunity to receive bonuses in the form of Shares of the Company, (ii) encouraging stock ownership by such eligible persons, (iii) increasing the proprietary interest of eligible persons in the success of the Company, and (iv) increasing the ability to attract, retain and motivate eligible persons.

The following is a summary of the material terms of the RSU Plan:

Subject to adjustment as provided for in the RSU Plan, RSUs may be granted by the Board or a committee or member of the Board as the administrator of the RSU Plan, to directors, officers, employees and consultants of the Company as a discretionary bonus in the form of Shares. Subject to the terms and conditions set forth in the RSU Plan, the Board is authorized to provide for the awarding, granting, vesting, settlement, and method of settlement of RSUs, all on such terms as it shall determine. The aggregate maximum number of Shares made available for issuance under the Plan, including any other Share Compensation Arrangements, subject to adjustment, shall be determined from time to time by the Board, but in any case, shall not exceed 20% of the Outstanding Issue from time to time, subject to adjustments as provided in the Plan.

In addition, the maximum number of listed securities of the Company (either issued directly or issuable on settlement of any RSUs or other convertible securities) which may be granted within any 12 month period to Persons engaged in Investor Relations Activities for the Company must not exceed 1% of the Outstanding Issue.

An RSU award shall be evidenced by an RSU grant agreement certificate ("**RSU Certificate**"). Each such Certificate shall include certain criteria, including the number of RSUs to be credited to the participant's account, the vesting date(s), settlement period, among others. Pursuant to the policies of the Exchange and applicable securities law, where a hold period is applicable, the RSU Certificate will include a legend stipulating that the RSU award is subject to a four-month hold period commencing from the date of grant of the RSU award.

Except as otherwise determined by the Board:

- (a) all RSUs held by the participant (whether vested or unvested) shall terminate automatically on the termination date for any reason other than as set forth in paragraph (b) and (c) below;
- (b) in the case of a termination of the participant's service by reason of (A) termination by the Company or any subsidiary of the Company other than for cause, or (B) the participant's death or disability, the participant's unvested RSUs shall vest automatically as of such date, and on the earlier of the original expiry date and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the termination date), the participant (or their executor or administrator, or the person or persons to whom the participant's RSUs are transferred by will or the applicable laws of descent and distribution) will be eligible to request that the Company settle their vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the termination date) the participant fails to elect to settle a vested RSU, the participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the termination date) and to receive Shares in respect thereof;
- (c) in the case of a termination of the participant's services by reason of voluntary resignation, only the participant's unvested RSUs shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the termination date), the participant will be eligible to request that the Company settle their vested RSUs. Where, prior to the

90th day following such termination of service (or, if earlier, the termination date) the participant fails to elect to settle a vested RSU, the participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the termination date) and to receive Shares in respect thereof;

- (d) for greater certainty, where a participant's employment, term of office or other engagement with the Company terminates by reason of termination by the Company or any subsidiary of the Company for cause then any RSUs held by the participant (whether unvested or vested) at the termination date, immediately terminate and are cancelled on the termination date or at a time as may be determined by the Board, in its discretion;
- (e) a participant's eligibility to receive further grants of RSUs under the RSU Plan ceases as of the earliest of the date the participant resigns from or terminates its engagement with the Company or any subsidiary of the Company and the date that the Company or any subsidiary of the Company provides the participant with written notification that the participant's employment, term of office or engagement, as the case may be, is terminated, notwithstanding that such date may be prior to the termination date; and
- (f) for the purposes of the Plan, a participant shall not be deemed to have terminated service or engagement where: (i) the participant remains in employment or office within or among the Company or any subsidiary of the Company or (ii) the participant is on a leave of absence approved by the Board.

The foregoing is only a summary of the material terms of the RSU Plan. The full text of the RSU Plan is attached hereto as Schedule "A". Accordingly, Shareholders will be asked to pass an ordinary resolution, in substantially the following form, to ratify, confirm and approve the existing RSU Plan:

**"BE IT RESOLVED**, as an ordinary resolution, that:

1. the RSU Plan as described in the Information Circular dated August 6, 2024, be and is hereby ratified, confirmed and approved;
2. The Company be and is hereby authorized and approved to grant restricted share units pursuant and subject to the terms and conditions of the RSU Plan approving all unallocated entitlements entitling all of the participants in aggregate to purchase up to such number of Shares of the Company as is equal to 20% of the number of Shares of the Company issued and outstanding on the applicable date of grant;
3. The Board of the Company is authorized to make such amendments to the RSU Plan from time to time as the Board may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, the Shareholders of the Company in accordance with the terms of the RSU Plan;
4. The Company be and is hereby required to obtain Shareholder approval of RSU Plan within a three-year period from the last date of Shareholder approval of the RSU Plan, such date the Company is required to obtain Shareholder approval would be on or before September 9, 2027;
5. any director or officer of the Company is hereby authorized, approved and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing; and
6. notwithstanding that this resolution has been duly passed by the Shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution,

without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the Board.”

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting.

**Management of the Company concludes that the existing RSU Plan is fair and reasonable to the Shareholders and in the best interest of the Company, and recommends Shareholders vote in favour of ratifying, confirming and approving the RSU Plan. Unless you provide instructions otherwise, the Designated Persons intend to vote FOR the ratification, confirmation and approval of the RSU Plan.**

## 6. OTHER BUSINESS

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof. Management of the Company 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 common shares represented by the proxies solicited hereby will be voted on such matter in accordance with the best judgement of the persons voting by proxy.

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## SECTION 5 – EXECUTIVE COMPENSATION

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### GENERAL

For the purpose of this Statement of Executive Compensation:

“**Company**” means Stearman Resources Inc.;

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**NEO**” or “**named executive officer**” means each of 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 (“**CEO**”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (“**CFO**”), including an individual performing functions similar to a CFO;
- (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 ended August 31, 2022, whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph © but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year;

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;



“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

Based on the foregoing definitions, during the most recently completed financial year ended August 31, 2023, the Company had **two (2)** NEOs, namely Howard Milne, President and CEO, Steve Mathiesen, Chief Financial Officer.

## DIRECTOR AND NEO COMPENSATION

### *Director and NEO compensation, excluding options and compensation securities*

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

Table of compensation excluding compensation securities							
Name and position	Year Ended August 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Howard Milne</b> <sup>(2)</sup> CEO, President, Director	2023 2022 <sup>(1)</sup>	18,065 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	18,065 Nil
<b>Steve Mathiesen</b> <sup>(3)</sup> CFO, Director	2023 2022 <sup>(1)</sup>	18,065 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	18,065 Nil
<b>James Place</b> Director	2023 2022 <sup>(1)</sup>	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Emily Sewell</b> Director	2023 2022 <sup>(1)</sup>	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

#### NOTES:

- (1) From Incorporation of the Company on March 1, 2022 to the Company’s financial Year Ended August 31, 2022.
- (2) Mr. Milne, is compensated through HDM Capital Inc., a wholly owned consulting company which entered into a consulting agreement with the Company dated as of May 9, 2022.
- (3) Mr. Mathiesen, is compensated through Sash Management Ltd., a wholly owned consulting company which entered into a consulting agreement with the Company dated as of May 9, 2022.

### **External Management Companies**

#### HDM Capital Inc. Agreement

Mr. Milne entered into a management agreement with the Company dated as of May 9, 2022 (the “**Milne Management Agreement**”), through his wholly-owned consulting company, HDM Capital Inc. Pursuant to the Milne Management Agreement, Mr. Milne has agreed to provide his services as Chief Executive Officer at a remuneration of \$2,500 per month commencing on the date the Company’s Common Shares were listed on the CSE, with an allowance of \$100 per month to cover all telecommunications, Internet, and related expenses. Mr. Milne is also entitled to participate in the Company’s Option Plan and any options granted to Mr. Milne shall have a 180-day tail period in the event Mr. Milne ceases to be engaged by the Company. The Milne Management Agreement may be terminated by Mr. Milne at any time or by the Company at any time after the Common Shares have been listed on the CSE for six months, upon 60 days’ written notice.

## Sash Management Ltd. Agreement

Mr. Mathiesen entered into a management agreement with the Company dated as of May 9, 2022 (the "**Mathiesen Management Agreement**"), through his consulting company Sash Management Ltd. Pursuant to the Mathiesen Management Agreement, Mr. Mathiesen has agreed to provide his services as Chief Financial Officer and Corporate Secretary at a remuneration of \$2,500 per month commencing on the date the Common Shares were listed on the CSE, with an allowance of \$100 per month to cover all telecommunications, Internet, and related expenses. Mr. Mathiesen is also entitled to participate in the Company's Option Plan and any Options granted to Mr. Mathiesen shall have a 180-day tail period in the event Mr. Mathiesen ceases to be engaged by the Company. The Mathiesen Management Agreement may be terminated by Mr. Mathiesen at any time or by the Company at any time after the Common Shares have been listed on the CSE for six months, upon 60 days' written notice.

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

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or by any subsidiary thereof in the year ended August 31, 2023, for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof.

Compensation Securities							
Name and position	Type of compensation security <sup>(1) (2)</sup>	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	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 Ended Aug 31, 2023 (\$)	Expiry Date
<b>Howard Milne</b> <i>CEO, President, Director</i>	Stock Options	250,000 (32.25% <sup>(3)</sup> )  (250,000 underlying common shares (2.01% <sup>(4)</sup> ))	May 9, 2022	\$0.10	N/A	N/A	May 9, 2027
<b>Steve Mathiesen</b> <i>Chief Financial Officer, Director</i>	Stock Options	250,000 (32.25% <sup>(3)</sup> )  (250,000 underlying common shares (2.01% <sup>(4)</sup> ))	May 9, 2022	\$0.10	N/A	N/A	May 9, 2027
<b>James Place</b> <i>Director</i>	Stock Options	150,000 (18.75% <sup>(3)</sup> )  (150,000 underlying common shares (1.20% <sup>(4)</sup> ))	May 9, 2022	\$0.10	N/A	N/A	May 9, 2027
<b>Emily Sewell</b> <i>Director</i>	Stock Options	150,000 (18.75% <sup>(3)</sup> )  (150,000 underlying common shares (1.20% <sup>(4)</sup> ))	May 9, 2022	\$0.10	N/A	N/A	May 9, 2027

#### **NOTES:**

(1) Unless otherwise indicated, all stock options fully vest on date of grant.

(2) Percentage based on aggregate number of stock options outstanding as at August 31, 2023, being 800,000.

- (3) Percentage based on aggregate number of common shares of the Company issued and outstanding as at August 31, 2023, being 12,397,000.

As at August 31, 2023, the total number of compensation securities and underlying securities held by each NEO or director was as follows:

- (a) Howard Milne held 250,000 fully vested stock options (250,000 underlying common shares) each exercisable at \$0.10 with an expiry date of May 9, 2027.
- (b) Steve Mathiesen held 250,000 fully vested stock options (250,000 underlying common shares) each exercisable at \$0.10 with an expiry date of May 9, 2027.
- (c) James Place held 150,000 fully vested stock options (150,000 underlying common shares) each exercisable at \$0.10 with an expiry date of May 9, 2027.
- (d) Emily Sewell held 150,000 fully vested stock options (150,000 underlying common shares) each exercisable at \$0.10 with an expiry date of May 9, 2027.

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

There were no compensation securities exercised by a director or NEO during the financial year ended August 31, 2023.

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

On May 9, 2022, the Board adopted a stock option plan (the “**Option Plan**”) under which Options may be granted to the Company’s directors, officers, employees and consultants.

#### *Administration*

The Option Plan shall be administered by the Board, a special committee of the Board (the “**Committee**”) or by an administrator appointed by the Board or the Committee (the “**Administrator**”) either of which will have full and final authority with respect to the granting of all Options thereunder. Options may be granted under the Option Plan to such directors, officers, employees or consultants of the Company, as the Board, the Committee or the Administrator may from time to time designate.

#### *Number of Common Shares Reserved*

Subject to adjustment as provided for in the Option Plan, the aggregate number of Common Shares which will be available for purchase pursuant to Options granted under to the Option Plan will not exceed 10% of the number of Common Shares which are issued and outstanding on the particular date of grant. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to the Option Plan.

#### *Exercise Price*

The exercise price at which an Option holder may purchase a Common Share upon the exercise of an Option shall be determined by the Board, the Committee or the Administrator, as applicable, and shall be set out in the Option certificate (an “**Option Certificate**”) issued in respect of the Option. The exercise price shall not be less than the price determined in accordance with CSE policies while, and if, the Company’s Common Shares are listed on the CSE.

#### *Maximum Term of Options*

The term of any Option granted under the Option Plan (the “**Term**”) shall be determined by the Board, the Committee or the Administrator, as applicable, at the time the Option is granted but, subject to earlier termination in the event of termination, or in the event of death or disability of the Option holder. In the event of death or disability, the Option shall expire on the earlier of the date which is one year following the date of disability or death and the applicable expiry date of the Option. Options granted under the Option Plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. The Option Plan does not establish a maximum term for Options

granted under the Option Plan.

### *Termination*

Subject to such other terms or conditions that may be attached to Options granted under the Option Plan, an Option holder may exercise an Option in whole or in part at any time and from time to time during the Term. Any Option or part thereof not exercised within the Term shall terminate and become null, void and of no effect as of the date of expiry of the Option. The expiry date of an Option shall be the date so fixed by the Board, the Committee or the Administrator, as applicable, at the time the Option is granted as set out in the Option Certificate or, if no such date is set out in for the Option Certificate the applicable circumstances, the date established, if applicable, in paragraphs (a) or (b) below or in the event of death or disability (as discussed above under “Maximum Term of Options”) or in the event of certain triggering events occurring, as provided for under the Option Plan:

- (a) Ceasing to Hold Office – In the event that the Option holder holds his or her Option as an executive and such Option holder ceases to hold such position other than by reason of death or disability, the expiry date of the Option shall be, unless otherwise determined by the Board, the Committee or the Administrator, as applicable, and expressly provided for in the Option Certificate, the 180th day following the date the Option holder ceases to hold such position unless the Option holder ceases to hold such position as a result of:
  - (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
  - (ii) a special resolution having been passed by the shareholders of the Company removing the Option holder as a director of the Company or any subsidiary; or
  - (iii) an order made by any regulatory authority having jurisdiction to so order;

in which case the expiry date shall be the date the Option holder ceases to hold such position; or

- (b) Ceasing to be Employed or Engaged - In the event that the Option holder holds his or her Option as an employee or consultant and such Option holder ceases to hold such position other than by reason of death or disability, the expiry date of the Option shall be, unless otherwise determined by the Board, the Committee or the Administrator, as applicable, and expressly provided for in the Option Certificate, the 180th day following the date the Option holder ceases to hold such position, unless the Option holder ceases to hold such position as a result of:
  - (i) termination for cause;
  - (ii) resigning or terminating his or her position; or
  - (iii) an order made by any regulatory authority having jurisdiction to so order;

in which case the expiry date shall be the date the Option holder ceases to hold such position.

In the event that the Option holder ceases to hold the position of executive, employee or consultant for which the Option was originally granted, but comes to hold a different position as an executive, employee or consultant prior to the expiry of the Option, the Committee, the Board or the Administrator, as applicable, may, in its sole discretion, choose to permit the Option to stay in place for that Option holder with such Option then to be treated as being held by that Option holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder. Notwithstanding anything else contained in the Option Plan, in no case will an Option be exercisable later than the expiry date of the Option.

### ***Employment, consulting and management agreements***

Except as disclosed above under “External Management Companies”, the Company does not have any

employment, consulting or management agreements or arrangements with any of the Company's current NEOs or directors.

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

The Company does not have any plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of employment of the executive officers' employment with the Company or from a change of control of the Company or a change in the executive officers' responsibilities following a change in control.

### ***Oversight and description of director and named executive officer compensation***

#### ***Compensation of Directors***

The Company does not have a compensation program other than paying consulting fees and incentive bonuses. The compensation of the executive officers is determined by the Board, based in part on recommendations from the Chief Executive Officer. The Board recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. The objectives of the Company's compensation policies and practices are:

- to reward individual contributions in light of the Company's performance;
- to be competitive with the companies with whom the Company competes for talent;
- to align the interests of the executives with the interests of the shareholders; and
- to attract and retain executives who could help the Company achieve its objectives.

The objectives of management fees are to recognize market pay and acknowledge the competencies and skills of individuals. The rate established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by any compensation committee that may be formed in future. In deciding on the management fee portion of the compensation of the executive officers, major consideration is given to the fact that the Company is an early stage exploration company and does not generate any material revenue and must rely exclusively on funds raised from equity financings. In the future, the objectives of incentive bonuses in the form of cash payments will be designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. The objectives of the stock option will be to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Company. The Company has no other forms of compensation, other than payments made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company, to the best of its ability, at competitive industry rates for work of a similar nature by reputable arm's length service providers. Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Company's securities, as well as the financial condition of the Company.

The Board evaluates individual executive performance with the goal of setting compensation at levels that it believes is comparable with executives in other companies of similar size and stage of development operating in the same industry. In connection with setting appropriate levels of compensation, members of the Board base their decisions on their general business and industry knowledge and experience and publicly available information of comparable companies while also taking into account the Company's relative performance and strategic goals. In determining the level of compensation payable to the Company's Chief Executive Officer, the Board will consider the following benchmark companies: Blue Lagoon Resources Inc. (CSE: BLLG); Core Assets Corp. (CSE: CC); Edgemont Gold Corp. (CSE: EDGM).

In the course of its deliberations, the Board considered the implications of the risks associated with adopting the compensation practices currently in place. The Board does not believe that its current

compensation practices create a material risk that the NEOs or any employee would be encouraged to take inappropriate or excessive risks, and no such risks have been detected to date. The Board will continue to include this consideration in its deliberations and believes that it would detect actions of management and employees of the Company that constitute or would lead to inappropriate or excessive risks.

### ***Pension disclosure***

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans currently in place or proposed at this time.

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## **SECTION 6 - AUDIT COMMITTEE**

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### **AUDIT COMMITTEE CHARTER**

The text of the Company's Audit Committee Charter is attached as Schedule "B" to this Information Circular.

### **COMPOSITION OF AUDIT COMMITTEE**

As at the date hereof, the Company's audit committee is comprised of three (3) directors, namely James Place (Chair), Emily Sewell and Howard Milne.

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment. Of the Company's current audit committee members, James Place and Emily Sewell are considered "independent" within the meaning of NI 52-110. Howard Milne is not considered to be "independent" as he is Chief Executive Officer of the Company.

All of the Audit Committee members are financially literate, as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as an understanding of internal controls and procedures necessary for financial reporting. NI 52-110 provides that an individual is financially literate if they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### ***Mandate and Responsibilities of the Audit Committee***

The Audit Committee's mandate and responsibilities include: (i) reviewing and recommending for approval to the Board the financial statements, accounting policies that affect the statements, annual MD&A and associated press releases; (ii) 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 and periodically assessing those procedures; (iii) establishing and maintaining complaint procedures regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; (iv) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting; (v) pre-approving all non-audit services to be provided to the Company or its subsidiary entities by the external auditor; (vi) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company; and (vii) reviewing and approving the Company's hiring policies regarding partners, employees, and former partners and employees of the present and former external auditor of the Company.

The Audit Committee is to meet at least quarterly to review financial statements and MD&A and to meet with the Company's external auditors at least once a year.

## RELEVANT EDUCATION AND EXPERIENCE

Each member of the Company's present Audit Committee and the proposed Audit Committee following the Meeting are senior-level businessmen with experience in financial matter and has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular the requisite education and experience that have provided the member with:

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

### *James Place - Chair*

Mr. Place is a retired professional geoscientist (previously registered in B.C.) with more than 30 years of experience in the mining, heavy construction, and engineering fields. He has worked on all phases of mineral projects from exploration and permitting through to testing, development, marketing, production and reclamation; primarily in Western North America.

He has held positions with public companies (Belmont Resources Inc., Highbank Resources Ltd., and Edison Lithium Corp.), government, engineering companies, and environmental consulting companies. Included are the B.C. Ministry of Transportation; Levelton Consultants Ltd. of Richmond, B.C.; Uplands Resources Inc. –Vice President Exploration and Quality Control; and ECL Environment Solutions as Senior Geologist.

### *Howard Milne*

Mr. Milne is a strategist in the area of sales and marketing and possesses experience in the development of private and public companies. Mr. Milne has held various corporate roles including CEO and Vice President, as has a background in investor relations acting for various listed companies.

### *Emily Sewell*

Emily Sewell is the CFO and a director of Musk Metals Corp from August 2021 to present. She was the VP, Finance and Development of a clothing design and manufacturing company, May 2021 to June 2023, and was an associate at RBC Dominion Securities from August 2017 to May 2018 and an associate at RBC Global Asset Management from May 2018 to May 2021.

Ms. Sewell holds a Bachelor of Commerce from UBC's Sauder School of Business with a major in finance.

## AUDIT COMMITTEE OVERSIGHT

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

## RELIANCE ON CERTAIN EXEMPTIONS

At no time since the commencement of the Company's most recently completed financial year end, has the Company relied on the exemption in section 2.4 of National Instrument 52-110 - *Audit Committees (De Minimis Non-audit Services)*, the exemption in section 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*), the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or an exemption, in

whole or in part, granted under Part 8 of National Instrument 52-110.

As the Company is a “Venture Issuer” pursuant to relevant securities legislation, the Company is relying on the exemption in section 6.1 of National Instrument 52-110 - *Audit Committees*, from the requirement of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of National Instrument 52-110.

## PRE-APPROVAL POLICIES AND PROCEDURES FOR NON-AUDIT SERVICES

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

## EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The aggregate fees billed by the Company’s external auditor in each of the last financial years for audit fees are as follows:

Auditor	Financial Year Ending August 31	Audit Fees <sup>(1)</sup>	Audit-related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
Dale Matheson Carr-Hilton LaBonte LLP	2023	\$16,000	Nil	Nil	Nil
	2022 <sup>(5)</sup>	\$12,000	Nil	Nil	Nil

### NOTES:

- (1) “Audit Fees” includes fees necessary to perform the annual audit of the Company’s 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. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include review of the Prospectus and all other non-audit services.
- (5) From the period from incorporation on March 1, 2022 to the Company’s financial year ended August 31, 2022.

## SECTION 7 - CORPORATE GOVERNANCE

### GENERAL

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), the Company is required to disclose its corporate governance practices. Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to 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 in the interest of its Shareholders and contribute to effective and efficient decision-making.

National Policy 58-201 - *Corporate Governance Guidelines* (“**NP 58-201**”) 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 and believes the Company’s corporate governance practices are appropriate and effective for the Company given its current size.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* - mandates disclosure of corporate governance practices in Form 58-101Fs, which disclosures is set out below.



## COMPOSITION OF THE BOARD OF DIRECTORS

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

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

The Company's Board is composed of four (4) directors.

The independent members of the Board of Directors are James Place and Emily Sewell. The non-independent member of the Board of Directors are Howard Milne and Steve Mathiesen.

Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

## MANDATE OF THE BOARD

The Board is elected by and accountable to the Shareholders of the Company. The mandate of the Board is to continually govern the Company and to protect and enhance the assets of the Company in the long-term best interests of the Shareholders. The Board will annually assess and approve a strategic plan which takes into account, among other things, the opportunities and the identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks.

## DIRECTORSHIPS IN OTHER PUBLIC COMPANIES

Certain of the Board nominees are also directors or officers of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction) <sup>(1)</sup>
Howard Milne	Hi-View Resources Inc. – CSE
Steve Mathiesen	Hi-View Resources Inc. – CSE
James Place	Inspiration Energy Corp. – CSE Maclaren Minerals Ltd. – CSE Peak Minerals Ltd. – CSE
Emily Sewell	Musk Metals Corp. – CSE Hi-View Resources Inc. – CSE

### NOTES:

- (1) Information not being within our knowledge has been furnished by the respective person or has been obtained from insider reports filed by respective person and available through the Internet at the Canadian System for Electronic Disclosure by Insiders ([www.sedi.ca](http://www.sedi.ca)).

## ORIENTATION AND CONTINUING EDUCATION

The Board has not adopted formal policies respecting continuing education for Board members. Board members are encouraged to communicate with management, legal counsel, auditors and consultants of the Company, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, and to attend related industry seminars and visit the Company's operations. Board members will have full access to the Company's records.

## **ETHICAL BUSINESS CONDUCT**

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating Board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its Board members independent of corporate matters.

The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law, and the restrictions placed by the *Business Corporations Act* (British Columbia) (“**BCBCA**”), on an individual director’s participation in decisions of the Board in which the director has an interest, have helped to ensure that the Board operates independently of management and in the best interests of the Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of a company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, if a director of a company also serves as a director or officer of another company engaged in similar business activities to the first company, that director must comply with the conflict of interest provisions of the BCBCA, 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 that evoke such a conflict.

## **NOMINATION OF DIRECTORS**

The Company will not have a stand-alone nomination committee. The full Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the industry are consulted for possible candidates.

## **COMPENSATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER**

The Board will conduct reviews with regard to directors’ and officers’ compensation at least once a year. For information regarding the steps taken to determine compensation for the directors and executive officers, see “*Section 5 - Executive Compensation*”.

## **COMMITTEES OF THE BOARD OF DIRECTORS**

The Board has no committees other than the Audit Committee (the “**Audit Committee**”). The members of the Audit Committee are James Place (chair), Howard Milne and Emily Sewell. A description of the function of the Audit Committee can be found in this Information Circular under “*Section 6 - Audit Committee*”.

## **ASSESSMENTS**

The Board and each individual director are regularly assessed regarding their effectiveness and contribution. The assessment considers and takes into account: (1) in the case of the Board, its mandate; and (2) in the case of individual director, the applicable description(s), if any, as well as the competencies and skills each individual director is expected to possess.

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## **SECTION 8 - OTHER INFORMATION**

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### ***Securities Authorized For Issuance Under Equity Compensation Plans***

The following table on the following page sets out information with respect to all compensation plans under which equity securities are authorized for issuance as of the financial year ended August 31, 2023:

<b>Equity Compensation Plan Information</b>			
<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by Securityholders	800,000	\$0.10	439,700 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>800,000</b>	<b>\$0.10</b>	<b>439,700</b>

**NOTES:**

(1) Represents the number of common shares available under the Stock Option Plan, which reserves a number of common shares for issuance, pursuant to the exercise of stock options, that is equal to 10% of the issued and outstanding common shares from time to time.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than "routine indebtedness" as defined in applicable securities legislation, since the beginning of the financial year ended August 31, 2023, none of:

- (a) the executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associates of the foregoing persons;

is or has been indebted to the Company or any of its subsidiaries or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, and which was not entirely repaid on or before the date of this Information Circular.

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

Other than as set forth in this Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year ended August 31, 2022, nor any proposed nominee for election as a director of the Company, nor any associated or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditors.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Applicable securities legislation defines "informed person" to mean any of the following: (a) a director or executive officer of a reporting issuer; (b) a director or officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; (c) any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights

attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed herein or in the Company's financial statements, no informed person of the Company, or proposed director of the Company, or any associate or affiliate of any informed person or proposed director, had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year ended August 31, 2023, or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

### **MANAGEMENT CONTRACTS**

Except as disclosed under Section 5 – Executive Compensation, the Company has no management agreements or arrangements under which the management functions of the Company are performed other than by the Company's directors and executive officers.

### **ADDITIONAL INFORMATION**

Financial information about the Company is included in the Company's Financial Statements and Management's Discussion and Analysis for the financial year ended August 31, 2023, which have been electronically filed with regulators and are available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval Plus (SEDAR+) at [www.sedarplus.ca](http://www.sedarplus.ca) under the document type named audited annual financial statements as filed on December 20, 2023. Copies may be obtained without charge upon request to the Company by email at [steve.mathiesen@shaw.ca](mailto:steve.mathiesen@shaw.ca) by mail at Suite 170 – 422 Richards Street, Vancouver, British Columbia, V6B 2Z4. You may also access the Company's public disclosure documents through the Internet on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### **DIRECTOR APPROVAL**

The contents of this Information Circular have been approved and the delivery of it to each Shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Company's Board of Directors.

DATED at Vancouver, British Columbia, this 6<sup>th</sup> day of August, 2024.

BY ORDER OF THE BOARD

**STEARMAN RESOURCES INC.**

Signed: "*Howard Milne*" \_\_\_\_\_

HOWARD MILNE  
President and Chief Executive Officer

**SCHEDULE "A"**

**STEARMAN RESOURCES INC.  
RESTRICTED SHARE UNIT PLAN**

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**STEARMAN RESOURCES INC.**

**RESTRICTED SHARE UNIT PLAN**

EFFECTIVE AS OF SEPTEMBER 9, 2024

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### **SCHEDULE “A”**

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### **SCHEDULE “B”**

### **COMPLIANCE CERTIFICATE**

# RESTRICTED SHARE UNIT PLAN

## Article 1 PURPOSE AND INTERPRETATION

### Section 1.1 Purpose

The purpose of the Plan is to promote and advance the interests of the Company by (i) providing Eligible Persons with additional incentive through an opportunity to receive bonuses in the form of Common Shares of the Company, (ii) encouraging stock ownership by such Eligible Persons, (iii) increasing the proprietary interest of Eligible Persons in the success of the Company, and (iv) increasing the ability to attract, retain and motivate Eligible Persons.

### Section 1.2 Definitions

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) “**Account**” means a notional account maintained for each Participant on the books of the Company which will be credited with Restricted Share Units and Dividend RSUs, in accordance with the terms of the Plan;
- (b) “**Affiliate**” means any person that controls or is controlled by the Company or that is controlled by the same person that controls the Company;
- (c) “**Affiliated Company**” means a company that is a subsidiary of another company or if two or more companies are subsidiaries of the same company or two or more companies are controlled by the same person or company;
- (d) “**Associate**” has the meaning ascribed to that term in Section 2.22 of NI 45-106;
- (e) “**Applicable Law**” mean any applicable law, including without limitation: (i) the BCBCA; (ii) Applicable Securities Laws; (iii) the ITA; (iv) any other applicable corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, provincial, state, local or foreign; and (v) Stock Exchange Policy;
- (f) “**Applicable Securities Law**” means the BCSA and the equivalent thereof in each province and territory of Canada in which the Company is a “reporting issuer” or the equivalent thereof, together with the regulations, rules and blanket orders of the securities commission or similar regulatory authority in each of such jurisdictions;
- (g) “**BCBCA**” means the *Business Corporations Act* (British Columbia), together with the regulations thereto, as may be amended from time to time. Any reference to any section of the BCBCA shall also be a reference to any successor provision promulgated thereunder;
- (h) “**BCSA**” means the *Securities Act* (British Columbia), together with the regulations thereto, as may be amended from time to time. Any reference to any section of the BCSA shall also be a reference to any successor provision promulgated thereunder;
- (i) “**Black-Out Period**” means a period when the Participant is prohibited from trading in the Company’s securities, including the Common Shares, pursuant to Applicable Securities Laws or the policies of the Company;



- (j) **“Board”** means the board of directors of the Company or such delegate as referred to by the term in Section 3.1(1);
- (k) **“Business Day”** means any day other than a Saturday, Sunday or a statutory or civic holiday in the City of Vancouver, British Columbia, on which the Stock Exchange is open for trading;
- (l) **“Cause”** means:
  - (i) if the Participant has a written agreement with the Company or a subsidiary of the Company in which cause is defined, “cause” as defined therein; or
  - (ii) if the Participant has no written agreement with the Company or a subsidiary of the Company in which cause is defined,
    - (A) in the case of employee, director or officer Participants: (I) the inability of the Participant to perform their duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (II) the failure of the Participant to follow the Company’s reasonable instructions with respect to the performance of their duties; (III) any material breach by the Participant of their obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company; (IV) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (V) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;
    - (B) in the case of Consultant Participants, for any reason, upon one (1) week’s notice, provided there is no conflict with Applicable Law;
- (m) **“Certificate”** has the meaning given to that term in Section 3.1(3);
- (n) **“Change of Control Event”** means:
  - (i) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with Persons or Entities acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company);
  - (ii) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity;
  - (iii) the complete liquidation or dissolution of the Company or the completion of a sale, lease, exchange or other transfer (in one transaction or a series of transactions) whereby all or substantially all of the Company’s undertakings and assets become

the property of any other entity and the voting securityholders of the Company immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale; or

- (iv) an occurrence when a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board;
- (o) "**Common Shares**" means the common shares in the share capital of the Company;
- (p) "**Company**" means Stearman Resources Inc., a company incorporated under the laws of British Columbia;
- (q) "**Consultant**" has the meaning ascribed to that term in Section 2.22 of NI 45-106;
- (r) "**control**" has the meaning ascribed to that term in Section 1.4 of NI 45-106;
- (s) "**Controlled Company**" means a company controlled by another person or company or by two or more companies;
- (t) "**Disability**" means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Board, acting reasonably, determines constitutes a disability;
- (u) "**Dividend RSUs**" means a bookkeeping entry credited to a Participant's Account equivalent in value to the dividend, if any, paid on a Common Share in accordance with Section 4.2 of the Plan;
- (v) "**Eligible Person**" means:
  - (i) any director, officer, or employee of the Company or any Affiliate;
  - (ii) subject to confirmation of the receipt of independent tax advice having been obtained by the recipient Consultant, any Consultant of the Company or any Affiliate; and
  - (iii) subject to confirmation of the receipt of independent tax advice having been obtained by the recipient Personal Holding Company, any Personal Holding Company of any of the persons listed in Section 1.2(v)(i) above;who is designated by the Board as eligible to participate in the Plan;
- (w) "**Expiry Date**" means the expiry date set out by the Board on the date of approval of a grant and as described in the applicable Certificate (which for greater certainty may vary between RSUs granted from time to time), following which an RSU is expired and is thereafter incapable of settlement, and is of no value whatsoever, provided however that in no event shall an Expiry Date be a date that is more than three years from the Grant Date;
- (x) "**Grant Date**" means any date determined from time to time by the Board as a date on which a grant of RSUs will be made to one or more Eligible Persons under this Plan;

- (y) “**ITA**” means the *Income Tax Act* (Canada) and any regulations thereunder, each as amended from time to time. Any reference to any section of the ITA shall also be a reference to any successor provision and any regulation promulgated thereunder;
- (z) “**Investor Relations Activities**” means any activities, by or on behalf of the Company or Shareholder, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
  - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company
    - (A) to promote the sale of products or services of the Company, or
    - (B) to raise public awareness of the Company,that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
  - (ii) activities or communications necessary to comply with the requirements of:
    - (A) Applicable Securities Laws;
    - (B) Stock Exchange requirements, including Stock Exchange Policy, or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company;
  - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
    - (A) the communication is only through the newspaper, magazine or publication, and
    - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
  - (iv) activities or communications that may be otherwise specified by the Stock Exchange;
- (aa) “**Market Price**” means, unless otherwise required by Applicable Law or by any applicable accounting standard for the Company’s desired accounting for RSU Awards, with respect to any particular date, the last available closing market price of the Common Shares on the Stock Exchange. In the event that the Common Shares are not listed and posted for trading on any Stock Exchange, the Market Price shall be the fair market value of such Common Shares as determined by the Board in its discretion;
- (bb) “**NI 45-106**” means National Instrument 45-106 - *Prospectus Exemptions*, as may be amended from time to time. Any reference to any section of the NI 45-106 shall also be a reference to any successor provision promulgated thereunder;
- (cc) “**Outstanding Issue**” means the number of Common Shares that are outstanding (on a non-diluted basis) immediately prior to the Common Share issuance or grant of RSUs in question, as applicable;

- (dd) “**Participant**” means an Eligible Person to whom RSUs have been granted and are outstanding;
- (ee) “**Personal Holding Company**” means a personal holding company that is either wholly owned, or controlled by, any director, executive officer or employee of the Company or an Affiliated Entity, and the shares of which are held directly or indirectly by any such person or the person’s spouse, minor children and/or minor grandchildren;
- (ff) “**Person**” or “**Entity**” means an individual, natural person, company, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity;
- (gg) “**Plan**” means this Restricted Share Unit plan of the Company, as amended from time to time;
- (hh) “**Related Entity**” means a Person that is controlled by the Company. For the purposes of this Plan, a Person (first person) is considered to control another Person (second person) if the first Person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of
  - (i) ownership of or direction over voting securities in the second Person,
  - (ii) a written agreement or indenture,
  - (iii) being the general partner or controlling the general partner of the second Person, or
  - (iv) being a trustee of the second Person;
- (ii) “**Related Person**” means:
  - (i) a Related Entity of the Company;
  - (ii) a partner, director or officer of the Company or Related Entity;
  - (iii) a promoter of or Person who performs Investor Relations Activities for the Company or Related Entity; and
  - (iv) any Person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Company or Related Entity;
- (jj) “**Reporting Insider**” means a reporting insider as defined under National Instrument 55-104 – *Insider Reporting Requirements*, as may be amended from time to time;
- (kk) “**Restricted Share Unit**” or “**RSU**” means a bookkeeping entry equivalent in value to a Common Share credited to a Participant’s Account and representing the right of a Participant to whom a grant of such restricted share units is made to receive one Common Share (or, pursuant to Section 4.3, an amount of cash equal to the Market Value thereof), pursuant and subject to the terms and conditions set forth in this Plan and in the applicable Certificate;

- (ll) “**RSU Award**” means the number of RSUs determined by the Board to be awarded to the Participant and credited to a Participant’s Account, as evidenced by a Certificate;
- (mm) “**Settlement Date**” means the Business Day during the Settlement Period on which a Participant elects to settle an RSU in accordance with Section 4.3;
- (nn) “**Settlement Notice**” has the meaning set out in Section 4.3;
- (oo) “**Settlement Period**” means the period starting on the Vesting Date and ending on the Expiry Date;
- (pp) “**Shareholder**” means a holder of a Common Share in the capital of the Company;
- (qq) “**Share Compensation Arrangement**” means any stock option, stock option plan, employee stock purchase plan, restricted share unit, or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise including, without limitation, this Plan;
- (rr) “**Stock Exchange**” means the Canadian Securities Exchange or if the Common Shares are not listed on the Canadian Securities Exchange, any stock exchange on which the Common Shares are listed or traded, as determined by the Board;
- (ss) “**Stock Exchange Policy**” means the rules and policies of the Stock Exchange, as may be amended from time to time;
- (tt) “**subsidiary**” means a person or company that is:
  - (i) controlled directly or indirectly by:
    - (A) that other, or
    - (B) that other and one or more persons or companies each of which is controlled by that other, or
    - (C) two or more persons or companies, each of which is controlled by that other; or
  - (ii) a subsidiary of a person or company that is the other’s subsidiary;
- (uu) “**Termination Date**” means the date on which a Participant ceases to be an Eligible Person or otherwise on such date on which the Company terminates its engagement of the Participant. For greater certainty, in the case of a Participant whose employment or term of office with the Company or any subsidiary of the Company terminates in the circumstances set out in Section 4.4(1)(a), Section 4.4(1)(b) or Section 4.4(1)(c), the date that is designated by the Company or any subsidiary of the Company, as the last day of the Participant’s employment or term of office with the Company or such subsidiary of the Company, provided that in the case of termination of employment or term of office by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not include any period of reasonable notice that the Company or any subsidiary of the Company may be required at law to provide to the Participant; and

(vv) “**Vesting Date**” means the date on which an RSU is vested for the purposes of the Plan.

### **Section 1.3 Interpretation**

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

### **Section 1.4 Headings**

The headings of all Articles, Sections, and paragraphs in the Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Plan.

### **Section 1.5 References to this RSU Plan**

The words “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to the Plan as a whole and not to any particular article, Section, paragraph or other part hereof.

### **Section 1.6 Canadian Funds**

Unless otherwise specifically provided, all references to dollar amounts in the Plan are references to lawful money of Canada.

## Article 2 **SHARE CAPITAL**

### **Section 2.1 Shares Reserved**

- (1) Subject to adjustment under Section 5.3(1), the securities that may be acquired by Participants pursuant to RSUs granted under this Plan shall consist of authorized but unissued Common Shares.
- (2) The Company shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the requirements of RSUs granted under this Plan.
- (3) The aggregate maximum number of Common Shares made available for issuance under the Plan, including any other Share Compensation Arrangements, subject to adjustment under Section 5.3(1), shall be determined from time to time by the Board, but in any case, shall not exceed 20% of the Outstanding Issue from time to time, subject to adjustments as provided in the Plan.
- (4) The Plan shall be a “rolling plan” and therefore when RSUs are cancelled (whether or not upon payment with respect to vested RSUs) or terminated, Common Shares shall automatically be available for issuance pursuant to RSUs granted under the Plan.

### **Section 2.2 Limits on RSU Grants**

- (1) The Company shall only grant RSU Awards under this Plan in accordance with Section 3.2 hereof. For greater certainty, all RSU Awards granted under the Plan which may be denominated or settled in Common Shares, and all such Common Shares issued under the Plan, will be issued pursuant to the prospectus and registration requirements of Applicable Securities Laws or an exemption from such prospectus and registration requirements.
- (2) The Company shall only grant RSU Awards under this Plan in compliance with Section 2.24 of NI 45-106. Until such time as the Company obtains shareholder approval of this RSU Plan and other Share

Compensation Arrangements in accordance with section 2.24 of NI 45-106, such compliance shall be evidenced by a Compliance Certificate executed by the Company, in substantially the form attached hereto as Schedule “B”, as may be amended by the Board from time to time.

(3) The maximum number of listed securities of the Company (either issued directly or issuable on settlement of any RSUs or other convertible securities) which may be granted within any 12 month period to Persons engaged in Investor Relations Activities for the Company must not exceed 1% of the Outstanding Issue.

### Article 3 ADMINISTRATION

#### Section 3.1 General

(1) This Plan shall be administered by the Board, in its discretion. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate (to the extent permitted by Applicable Law) the administration and operation of this Plan, in whole or in part, to a committee of the Board and/or to any member of the Board. Any delegation pursuant to this Section 3.1 shall be documented in a resolution of the Board.

(2) Subject to the terms and conditions set forth herein and Applicable Law, the Board is authorized to provide for the granting, vesting, settlement and method of settlement of RSUs, all on such terms (which may vary between RSUs granted from time to time) as it shall determine. In addition, the Board shall have the authority to:

- (a) select any directors, officers, employees or Consultants of the Company or subsidiary of the Company to participate in this Plan; provided that RSUs granted to any Participant shall be approved by the Shareholders if the rules of the Stock Exchange require such approval;
- (b) construe and interpret this Plan and all agreements entered into hereunder;
- (c) prescribe, amend and rescind rules and regulations relating to this Plan; and
- (d) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants and on their legal, personal representatives and beneficiaries.

(3) An RSU Award shall be evidenced by an Restricted Share Unit Grant Agreement Certificate (“**Certificate**”), in substantially the form attached hereto as Schedule “A”, as may be amended by the Board from time to time. Each such Certificate shall include the following terms and conditions and such additional terms and conditions (in either case not inconsistent with the provisions of the Plan and such provisions of the Plan shall prevail in the event of a conflict between the Plan and a Certificate or any other communications) as the Board shall determine, in its discretion:

- (a) the number of RSUs subject to the RSU Award to be credited to the Participant’s Account;
- (b) the Grant Date;
- (c) the Vesting Date or Vesting Dates applicable to the RSUs subject to the RSU Award;
- (d) the Settlement Period and Expiry Date applicable to an RSU subject to the RSU Award;

- (e) the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon settlement of the RSU;
- (f) the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Common Shares acquired upon settlement of an RSU may be forfeited; and
- (g) such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine.

(4) No member of the Board (or person acting under delegated authority) nor the Company, will be liable for any action or determination taken or made in the administration, interpretation, construction or application of this Plan, any Certificate or any RSU issued pursuant to this Plan, or otherwise in any way in respect of any Participant's participation in this Plan or the holding or settlement of RSUs. To the fullest extent permitted by Applicable Law, the Company shall indemnify and save harmless, and shall advance and reimburse the expenses of, each Person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such Person is or was a member of the Board or is or was a member of the committee responsible for administering and operating the Plan in respect of any claim, loss, damage or expense (including legal fees) arising therefrom.

### **Section 3.2 Compliance with Legislation**

(1) The Plan, the terms of the issue or grant and the settlement of RSUs hereunder and the Company's obligation to sell and deliver Common Shares upon settlement of RSUs shall be subject to all Applicable Laws and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any RSU hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals.

(2) No RSU shall be granted and no Common Shares issued or sold thereunder where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any RSU or issue or sale of Common Shares hereunder in violation of this provision shall be void.

(3) The Company shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Common Shares issued and sold to Participants pursuant to the settlement of RSUs may be subject to restrictions or limitations on sale or resale under Applicable Securities Laws.

(4) If Common Shares cannot be issued to a Participant upon the settlement of an RSU due to legal or regulatory restrictions, the obligation of the Company to issue such Common Shares under the Plan shall terminate, at no cost to the Company nor obligation to otherwise compensate a Participant in any way.

### **Section 3.3 Miscellaneous**

(1) Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required Shareholder or Stock Exchange approval.

(2) Nothing contained in the Plan nor in any RSU granted hereunder shall be deemed to give any Participant any interest or title in or to any Common Shares of the Company or any rights as a Shareholder or any other legal or equitable right against the Company whatsoever other than as set forth in the Plan and pursuant to the settlement of any RSU.



(3) The Plan does not give any Participant or any employee of the Company or any of its Affiliated Companies or Controlled Companies or subsidiaries the right or obligation to continue to serve as a Consultant, director, officer or employee of, or be engaged by, as the case may be, the Company or any of its Affiliated Companies or Controlled Companies or subsidiaries. The awarding of RSUs to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Company or any of its subsidiaries other than as specifically provided for in the Plan.

(4) The existence of any RSUs shall not affect in any way the right or power of the Company or its Shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

(5) No fractional Common Shares shall be issued upon the settlement of RSUs granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the settlement of an RSU, or from an adjustment pursuant to Section 5.3(1) such Participant shall only have the right to receive the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

#### Article 4 **RESTRICTED SHARE UNITS**

##### **Section 4.1 Granting of RSUs**

(1) Where the Board determines to grant an RSU Award to an Eligible Person under the terms and conditions applicable to such RSU Award, the Company shall deliver to the Eligible Person a Certificate, containing the terms and condition applicable to such RSU Award.

(2) On the grant of an RSU Award, the Company will credit the Participant's Account with the number of RSUs granted to such Participant under the terms of the RSU Award.

(3) The grant of an RSU Award shall entitle the Participant to the conditional right to receive for each RSU credited to the Participant's Account, at the election of the Company, either one Common Share or an amount in cash, net of applicable taxes and contributions to government sponsored plans, as determined by the Board, equal to the Market Price of one Common Share for each RSU credited to the Participant's Account on the Settlement Date, subject to the conditions set out in the Certificate and in the Plan, and subject to all other terms of this Plan.

(4) An Eligible Person may receive an RSU Award on more than one occasion under the Plan and may receive separate RSU Awards on any one occasion.

(5) RSUs granted under this Plan to an Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or an Affiliate, as the case may be, in the fiscal year ending in, coincident with or before such calendar year, subject to any other determination by the Company.

## Section 4.2 Dividends

- (1) Unless the Board determines otherwise, additional RSUs (“**Dividend RSUs**”) will be credited to a Participant’s Account where the Company declares and pays a dividend on Common Shares. The number of Dividend RSUs credited to a Participant’s Account in connection with the payment of dividends on Common Shares will be based on the actual amount of cash dividends that would have been paid to such Participant had they been holding such number of Shares equal to the number of RSUs credited to the Participant’s Account on the date on which cash dividends are paid on the Common Shares and the Market Price of the Common Shares on the payment date.
- (2) Dividend RSUs credited to a Participant’s Account shall vest and be settled in the same manner and on the same date as the RSUs to which they relate.

## Section 4.3 Settlement of Restricted Share Units

- (1) Subject to the provisions of the Plan and in particular Section 4.4 and Section 5.2 and any vesting limitations imposed by the Board in its sole unfettered discretion at the time of grant, RSUs subject to an RSU Award may be settled by a Participant during the Settlement Period applicable to the RSU by delivery to the Company of a notice (the “**Settlement Notice**”) in a form attached to the Certificate. As soon as practicable following the receipt of the Settlement Notice, RSUs will be settled by the Company through the delivery by the Company of such number of Common Shares equal to the number of RSUs then being settled or, at the Company’s election, an amount in cash, net of applicable taxes and contributions to government sponsored plans, equal to the Market Price at the Settlement Date of one Common Share for each RSU then being settled. Where, prior to the Expiry Date, a Participant fails to elect to settle an RSU, the Participant shall be deemed to have elected to settle such RSUs on the day immediately preceding the Expiry Date.
- (2) Notwithstanding the foregoing, if the Company elects to issue Common Shares in settlement of RSUs:
  - (a) the Company may arrange for such number of the Common Shares to be sold as it deems necessary or advisable to raise an amount at least equal to its determination of such applicable taxes, with such amount being withheld by the Company; or
  - (b) the Company may elect to settle for cash such number of RSUs as it deems necessary or advisable to raise funds sufficient to cover such withholding taxes with such amount being withheld by the Company; or
  - (c) the Company may, as a condition of settlement in the form of Common Shares, require the Participant to pay the applicable taxes as determined by the Company or make such other arrangement acceptable to the Company in its discretion (if at all) as it deems necessary or advisable.
- (3) Subject to the terms of the Plan, as soon as practicable after receipt of any of the amount, undertaking or election listed in Section 4.3(2), the Company will forthwith cause the transfer agent and registrar of the Common Shares to deliver to the Participant a certificate or certificates in the name of the Participant or a statement of account, at the discretion of the Company, representing in the aggregate Common Shares issued to the Participant.
- (4) Notwithstanding any other provision of the Plan:
  - (a) no RSU shall be capable of settlement after the Expiry Date, provided, however, that if the Expiry Date in respect of an RSU falls on a date upon which such Participant is prohibited

from exercising such RSU due to a Black-Out Period or other trading restriction imposed by the Company, then the Expiry Date of such RSU shall be automatically extended to the tenth (10th) Business Day following the date the relevant Black-Out Period or other trading restriction imposed by the Company is lifted, terminated or removed. The foregoing extension applies to all RSUs regardless of the Grant Date and shall not be considered an extension of the term thereof as otherwise referred to in the Plan. In addition, the Participant acknowledges that such as extension may result in less favourable tax consequences to the Participant than if the RSUs had been settled on the original Expiry Date;

- (b) the Settlement Period shall be automatically reduced in accordance with Section 4.4 upon the occurrence of any of the events referred to therein; and
- (c) no RSU in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be settled until such time as such RSU has been so approved.

#### **Section 4.4 Termination of Service**

- (1) Except as otherwise determined by the Board:
  - (a) all RSUs held by the Participant (whether vested or unvested) shall terminate automatically on the Termination Date for any reason other than as set forth in paragraph (b) and (c) below;
  - (b) in the case of a termination of the Participant's service by reason of (A) termination by the Company or any subsidiary of the Company other than for Cause, or (B) the Participant's death or Disability, the Participant's unvested RSUs shall vest automatically as of such date, and on the earlier of the original Expiry Date and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant (or their executor or administrator, or the person or persons to whom the Participant's RSUs are transferred by will or the applicable laws of descent and distribution) will be eligible to request that the Company settle their vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;
  - (c) in the case of a termination of the Participant's services by reason of voluntary resignation, only the Participant's unvested RSUs shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant will be eligible to request that the Company settle their vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;
  - (d) for greater certainty, where a Participant's employment, term of office or other engagement with the Company terminates by reason of termination by the Company or any subsidiary of the Company for Cause then any RSUs held by the Participant (whether unvested or vested) at the Termination Date, immediately terminate and are cancelled on the Termination Date or at a time as may be determined by the Board, in its discretion;

- (e) a Participant's eligibility to receive further grants of RSUs under this Plan ceases as of the earliest of the date the Participant resigns from or terminates its engagement with the Company or any subsidiary of the Company and the date that the Company or any subsidiary of the Company provides the Participant with written notification that the Participant's employment, term of office or engagement, as the case may be, is terminated, notwithstanding that such date may be prior to the Termination Date; and
- (f) for the purposes of the Plan, a Participant shall not be deemed to have terminated service or engagement where: (i) the Participant remains in employment or office within or among the Company or any subsidiary of the Company or (ii) the Participant is on a leave of absence approved by the Board.

#### **Section 4.5 Non-transferability of RSUs**

- (1) RSUs shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.

### Article 5

#### **TERMINATION, AMENDMENTS AND ADJUSTMENTS**

##### **Section 5.1 Amendment and Termination**

- (1) The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable law, and subject to any required regulatory approval.
- (2) No such amendment, suspension or termination shall alter or impair any RSUs or any rights pursuant thereto granted previously to any Participant without the consent of such Participant.
- (3) If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules and regulations adopted by the Board and in force at the time of the Plan termination shall continue in effect during such time as an RSU or any rights pursuant thereto remain outstanding.
- (4) With the consent of the affected Participant, the Board may amend or modify any outstanding RSU in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which the RSU becomes exercisable, subject to the prior approval of the Stock Exchange where necessary.

##### **Section 5.2 Change of Control**

- (1) Notwithstanding any other provision of this Plan, in the event of an actual or potential Change of Control Event, the Board may, in its discretion, without the necessity or requirement for the agreement or consent of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any RSU; (ii) permit the conditional settlement of any RSU, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the RSU, including for greater certainty permitting Participants to settle any RSU, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; and (iv) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the RSUs not settled prior to the successful completion of such Change of Control Event, including, without limitation, for no payment or other compensation.

(2) The determination of the Board in respect of any such Change of Control Event shall for the purposes of this Plan be final, conclusive and binding.

### **Section 5.3 Adjustments**

(1) If there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the Stock Exchange where necessary, appropriate substitution or adjustment in

- (a) the number or kind of Common Shares or other securities reserved for issuance pursuant to the Plan, and
- (b) the number and kind of Common Shares or other securities subject to unsettled and outstanding RSUs granted pursuant to the Plan;

provided, however, that no substitution or adjustment shall obligate the Company to issue fractional RSUs or shares. If the Company is reorganized, amalgamated with another company or consolidated, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

(2) For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional RSUs, Common Shares or other securities of the Company will be granted to a Participant to compensate the Participant for any downward fluctuations in the Market Price of a Common Share nor will any other form of benefit, cash or otherwise, be conferred upon, or in respect of, a Participant for such a purpose.

## Article 6 **GENERAL**

### **Section 6.1 Effective Date**

The Plan shall be effective upon the approval of the Plan by the Board.

### **Section 6.2 Notice**

Any Notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by electronic transmission addressed, if to the Company, to the operations office of the Company in Vancouver, British Columbia, Attention: CFO; or if to a Participant, to such Participant at their address as it appears on the books of the Company or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

### **Section 6.3 Tax Withholdings**

The Company shall be entitled to withhold such number of Common Shares or amount of cash payable to a Participant, either under this Plan or otherwise, or make such other arrangement as are contemplated under Section 4.3(2), as it may deem necessary or advisable so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding or remittance of tax or other relevant amounts. It is the responsibility of the Participant to complete and file any tax returns which may be required within the periods specified under applicable laws as a result of the Participant's participation in the Plan. The Company shall not be responsible for any tax consequences to a Participant as a result of the Participant's participation in the Plan.

#### **Section 6.4 Rights of Participants**

No person entitled to settle any RSU granted under this Plan shall have any of the rights or privileges of a Shareholder in respect of any Common Shares issuable upon settlement of such RSU until such Common Shares have been issued to such person. Subject to Section 4.2 and Section 5.3, no holder of any RSUs shall be entitled to receive, and no adjustment shall be made for, any dividends, distributions or any other rights declared for Shareholders for which the record date is prior to the date on which Common Shares are issued in satisfaction of a Participant's RSUs.

#### **Section 6.5 Right to Funds**

- (1) Neither the establishment of this Plan nor the granting of RSUs under this Plan shall be deemed to create a trust.
- (2) Amounts payable to any Participants under this Plan shall be a general, unsecured obligation of the Company.
- (3) The right of the Participant to receive payment pursuant to this Plan shall be no greater than the right of other unsecured creditors of the Company.

#### **Section 6.6 Right to Issue Other Shares**

The Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

#### **Section 6.7 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the legal representatives of such Participant or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

#### **Section 6.8 Funding of the Plan**

The Plan shall be unfunded. No funds will be set aside to guarantee the payment of RSUs, which will remain an unfunded liability recorded on the books of the Company.

#### **Section 6.9 No Representation or Warranty**

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

#### **Section 6.10 Governing Law**

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

#### **Section 6.11 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

**SCHEDULE "A"**  
**RESTRICTED SHARE UNIT AGREEMENT CERTIFICATE**

TO: [Name of Participant] (the "**Participant**")

Dear ●

Stearman Resources Inc. (the "**Company**") hereby confirms a grant of restricted share units ("**RSUs**") described in the table below to the Participant pursuant to the Company's Restricted Share Unit Plan (the "**RSU Plan**"), as amended from time to time. The RSU Plan is incorporated herein by reference and made a part of this letter agreement. Capitalized terms not otherwise defined herein shall have the same meanings as in the RSU Plan.

Each RSU granted to the Participant named herein represents the right of the Participant to receive one common share in the share capital of the Company (an "**RSU Share**") or, at the Company's election, an amount in cash, net of applicable taxes and contributions to government sponsored plans, equal to the Market Price of one RSU Share for each RSU then being settled, on the date(s) or pursuant to the terms specified below. Upon each Vesting Date, the Participant may deliver a written notice in the form attached hereto as Appendix "1" specifying the number of RSUs to be denominated or settled, in the Company's discretion, in Common Shares or cash.

Provided that no Expiry Date or any Vesting Date is a date that is more than three years from the Grant Date, and subject to any further vesting conditions noted herein or the RSU Plan, the following number of RSUs are awarded with the following Grant Date(s), Expiry Date(s) and Vesting Date(s):

<b>No. of RSUs</b>	<b>Grant Date</b>	<b>Vesting Date</b>	<b>Expiry Date</b>

*[Any additional vesting conditions added here]*

The Participant hereby acknowledges and consents that:

1. The Participant has received a copy of the RSU Plan and has read, understands and agrees to be bound by the provisions of the RSU Plan, including provisions relating to the tax treatment, tax withholding obligations and tax reassessment risks that apply or may apply in certain circumstances;
2. The Participant is, under the terms and conditions of the RSU Plan, a bona fide Eligible Person, entitled to receive RSUs under the RSU Plan and Applicable Law;
3. The RSUs granted hereunder shall vest, be redeemed and terminate in accordance with the provisions set out in this Agreement and the provisions of the RSU Plan;
4. RSU Shares will be subject to restrictions on disposition for a period of four (4) months from the Grant Date and, if issued before the date that is four (4) months after the Grant Date, will be legended accordingly and, in any event, will comply with the restrictions on disposition of Applicable Securities Laws and Stock Exchange Policy;

5. If the Participant is, or becomes, a resident of the United States of America, the Participant will (and it shall be a condition of the redemption of the Participant's RSUs) that the Participant will execute such additional certificate of representation that may be reasonably required by the Company; and
6. The Participant acknowledges and consents to the Company collecting the Participant's personal information for the purposes of this Certificate; retaining the personal information for as long as permitted or required by Applicable Law or business practices; and providing to various governmental and regulatory authorities, as may be required by Applicable Securities Laws, Stock Exchange rules, including Stock Exchange Policy, and the rules of the Investment Industry Regulatory Organization of Canada (IIROC) or to give effect to this agreement any personal information provided by the Participant.

**DATED** \_\_\_\_\_, 20\_\_\_\_.

**STEARMAN RESOURCES INC.**

Per: \_\_\_\_\_  
Authorized Signatory

The undersigned hereby accepts such grant, acknowledges being a Participant under the RSU Plan, agrees to be bound by the provisions thereof and agrees that the RSU Plan will be effective as an agreement between the Company and the undersigned with respect to the RSUs granted or otherwise issued to the undersigned.

**DATED** \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Name of Participant (print)

**[OR]**

[NAME OF COMPANY PARTICIPANT]

By:

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Name of Authorized Signatory



**APPENDIX "1"**  
**RSU NOTICE FORM**

**To: The Board of Directors of Stearman Resources Inc. (the "Company")**

1. The undersigned (the "**Participant**"), being the holder of restricted share units ("**RSUs**") of the Company pursuant to the RSU plan of the Company (the "**RSU Plan**"), hereby elects, in accordance with and subject to the RSU Plan and the Certificate granting the RSUs to the Participant, to acquire \_\_\_\_\_ common shares in the capital of the Company (each, an "**RSU Share**") on a basis of, and at the Company's election, either: (a) one (1) RSU Share for each vested RSU held by the RSU Holder, or (b) an amount in cash, net of applicable taxes, equal to the Market Price of one RSU Share for each vested RSU.
2. The Participant acknowledges and agrees that the issuance of the RSU Shares, if applicable, is subject to the terms and conditions of the Certificate representing the RSUs and the RSU Plan.
3. If the Company elects to denominate or settle the RSUs on the basis of RSU Shares, the Participant directs the Company to register and deliver certificates or DRS Statements evidencing the RSU Shares as follows:

\_\_\_\_\_  
\_\_\_\_\_

4. If the Company elects to denominate or settle the RSUs on the basis of cash, the Participant directs the Company to issue and deliver a cheque as follows in respect of the portion of the RSU Shares settled in cash:

\_\_\_\_\_  
\_\_\_\_\_

All capitalized terms not defined herein shall have the meanings attributable to such terms as in the RSU Plan.

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

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Name of Witness (please print)

\_\_\_\_\_  
Name of Participant (please print)

**SCHEDULE “B”  
COMPLIANCE CERTIFICATE**

Stearman Resources Inc. (the “**Company**”) has granted or proposes to grant to \_\_\_\_\_ (the “**Recipient**”) a total of \_\_\_\_\_ restricted share units (“**RSUs**”) pursuant to the Company’s Restricted Share Unit Plan (the “**RSU Plan**”), as amended from time to time. The RSU Plan is incorporated herein by reference and made a part of this compliance certificate. Capitalized terms not otherwise defined herein shall have the same meanings as in the RSU Plan.

In connection with such grant, the Company confirms that, for the purposes of NI 45-106, either of the following apply:

- (a) \_\_\_ The Recipient is not one of the following (a “**Specified Recipient**”): an investor relations person of the Company, an associated consultant of the Company, an executive officer of the Company, a director of the Company, or a permitted assign of those persons; or
- (b) \_\_\_ if the Recipient is a Specified Recipient, after the grant, the number of Common Shares, calculated on a fully diluted basis,
  - (i) reserved for issuance under stock options of the Company granted to (A) related persons does not exceed 20% of the outstanding shares of the Company, and (B) a related person does not exceed 5% of the outstanding shares of the Company; and
  - (ii) issued within 12 months to (A) related persons does not exceed 20% of the outstanding shares of the Company, and (B) a related person and the associates of the related person does not exceed 5% of the outstanding shares of the Company.

Dated \_\_\_\_\_ 20\_\_.

**STEARMAN RESOURCES INC.**

\_\_\_\_\_  
Authorized Signatory

## **SCHEDULE “B”**

### **AUDIT COMMITTEE CHARTER**

#### **STEARMAN RESOURCES INC. (the “Company”)**

#### **1. OVERALL PURPOSE AND OBJECTIVES**

The Audit Committee will assist the directors (the “Directors”) of the Company in fulfilling their responsibilities under applicable legal and regulatory requirements. To the extent considered appropriate by the Audit Committee or as required by applicable legal or regulatory requirements, the Audit Committee will review the financial reporting process of the Company, the system of internal controls and management of the financial risks of the Company and the audit process of the financial information of the Company. In fulfilling its responsibilities, the Audit Committee should maintain an effective working relationship with the Directors, management of the Company and the external auditor of the Company as well as monitor the independence of the external auditor.

#### **2. AUTHORITY**

- (a) The Audit Committee shall have the authority to:
- (i) engage independent counsel and other advisors as the Audit Committee determines necessary to carry out its duties;
  - (ii) set and pay the compensation for any advisors employed by the Audit Committee;
  - (iii) communicate directly with the internal and external auditor of the Audit Committee and require that the external auditor of the Company report directly to the Audit Committee; and
  - (iv) seek any information considered appropriate by the Audit Committee from any employee of the Company.
- (b) The Audit Committee shall have unrestricted and unfettered access to all personnel and documents of the Company and shall be provided with the resources reasonably necessary to fulfill its responsibilities.

#### **3. MEMBERSHIP AND ORGANIZATION**

- (a) The Audit Committee will be composed of at least three members. The members of the Audit Committee shall be appointed by the Directors to serve one-year terms and shall be permitted to serve an unlimited number of consecutive terms. The majority of the members of the Audit Committee must be Directors who are independent and financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules and regulations, and stock exchange requirements (“Applicable Laws”). In this Charter, the terms “independent” and “financially literate” have the meaning ascribed to such terms by Applicable Laws, and include the meanings given to similar terms by Applicable Laws, including in the case of the term “independent” the terms “outside” and “unrelated” to the extent such latter terms are applicable under Applicable Laws.
- (b) The chairman of the Audit Committee will be an independent Director and will be appointed

by the Audit Committee from time to time and must have such accounting or related financial management expertise as the Directors may determine in their business judgment.

- (c) The secretary of the Audit Committee will be the chosen by the Audit Committee.
- (d) The Audit Committee may invite such persons to meetings of the Audit Committee as the Audit Committee considers appropriate, except to the extent exclusion of certain persons is required pursuant to this Charter or Applicable Laws.
- (e) The Audit Committee may invite the external auditor of the Company to be present at any meeting of the Audit Committee and to comment on any financial statements, or on any of the financial aspects, of the Company.
- (f) The Audit Committee will meet as considered appropriate or desirable by the Audit Committee. Any member of the Audit Committee or the external auditor of the Company may call a meeting of the Audit Committee at any time upon 48 hours' prior written notice.
- (g) All decisions of the Audit Committee shall be by simple majority and the chairman of the Audit Committee shall not have a deciding or casting vote.
- (h) Minutes shall be kept in respect of the proceedings of all meetings of the Audit Committee.
- (i) No business shall be transacted by the Audit Committee except at a meeting of the members thereof at which a majority of the members thereof is present.
- (j) The Audit Committee may transact its business by a resolution in writing signed by all the members of the Audit Committee in lieu of a meeting of the Audit Committee.

#### **4. ROLE AND RESPONSIBILITIES**

To the extent considered appropriate or desirable or required by applicable legal or regulatory requirements, the Audit Committee shall:

- (a) recommend to the Directors
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, and
  - (ii) the compensation to be paid to the external auditor of the Company;
- (b) review the proposed audit scope and approach of the external auditor of the Company and ensure no unjustifiable restriction or limitations have been placed on the scope of the proposed audit;
- (c) meet separately and periodically with the management of the Company, the external auditor of the Company and the internal auditor (or other personnel responsible for the internal audit function of the Company) of the Company to discuss any matters that the Audit Committee, the external auditor of the Company or the internal auditor of the Company, respectively, believes should be discussed privately;
- (d) be directly responsible for overseeing the work of the external auditor engaged for

- the purpose of preparing or issuing an auditor's report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, including the resolution of disagreements between management of the Company and the external auditor of the Company regarding any financial reporting matter and review the performance of the external auditor of the Company;
- (e) review judgmental areas, for example those involving a valuation of the assets and liabilities and other commitments and contingencies of the Company;
  - (f) review audit issues related to the material associated and affiliated entities of the Company that may have a significant impact on the equity investment therein of the Company;
  - (g) meet with management and the external auditor of the Company to review the annual financial statements of the Company and the results of the audit thereof;
  - (h) review and determine if internal control recommendations made by the external auditor of the Company have been implemented by management of the Company;
  - (i) pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company and, to the extent considered appropriate:
    - (i) adopt specific policies and procedures in accordance with Applicable Laws for the engagement of such non-audit services; and/or
    - (ii) delegate to one or more independent members of the Audit Committee the authority to pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company provided that the other members of the Audit Committee are informed of each such non-audit service;
  - (j) consider the qualification and independence of the external auditor of the Company, including reviewing the range of services provided by the external auditor of the Company in the context of all consulting services obtained by the Company;
  - (k) consider the fairness of the Interim Financial Report and financial disclosure of the Company and review with management of the Company whether,
    - (i) actual financial results for the interim period varied significantly from budgeted or projected results,
    - (ii) generally accepted accounting principles have been consistently applied,
    - (iii) there are any actual or proposed changes in accounting or financial reporting practices of the Company, and
    - (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure;
  - (l) review the financial statements of the Company, management's discussion and analysis and any annual and interim earnings press releases of the Company before the Company publicly discloses such information and discuss these documents with

the external auditor and with management of the Company, as appropriate;

- (m) review and be satisfied that adequate procedures are in place for the review of the public disclosure of the Company of financial information extracted or derived from the financial statements of the Company, other than the public disclosure referred to in paragraph 4(l) above, and periodically assess the adequacy of those procedures;
- (n) establish procedures for,
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters relating to the Company;
- (o) review and approve the hiring policies of the Company regarding partners, employees and former partners and employees of the present and any former external auditor of the Company;
- (p) review the areas of greatest financial risk to the Company and whether management of the Company is managing these risks effectively;
- (q) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and consider their impact on the financial statements of the Company;
- (r) review any legal matters which could significantly impact the financial statements of the Company as reported on by counsel and meet with counsel to the Company whenever deemed appropriate;
- (s) institute special investigations and, if appropriate, hire special counsel or experts to assist in such special investigations;
- (t) at least annually, obtain and review a report prepared by the external auditor of the Company describing:
  - the firm's quality-control procedures;
  - any material issues raised by the most recent internal quality-control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;
  - and (to assess the auditor's independence) all relationships between the independent auditor and the Company;
- (u) review with the external auditor of the Company any audit problems or difficulties and management's response to such problems or difficulties;
- (v) discuss the Company's earnings press releases, as well as financial information and earning guidance provided to analysts and rating agencies, if applicable; and

- (w) review this charter and recommend changes to this charter to the Directors from time to time.

**5. COMMUNICATION WITH THE DIRECTORS**

- (a) The Audit Committee shall produce and provide the Directors with a written summary of all actions taken at each Audit Committee meeting or by written resolution.
- (b) The Audit Committee shall produce and provide the Directors with all reports or other information required to be prepared under Applicable Laws.