



MANAGEMENT INFORMATION CIRCULAR
(Containing information as at July 25, 2024 unless indicated otherwise)

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of **Formation Metals Inc.** (the “**Company**”) for use at the annual general meeting (the “**Meeting**”) of its shareholders to be held on **Friday, August 30, 2024** at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

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

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees or consultants of the Company at nominal cost. The Company will bear all costs of this solicitation.

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

The only methods by which you may appoint a person as proxy are submitting a Proxy by telephone, internet or mail.

Voting by Proxyholder

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

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

In respect of a matter for which a choice is not specified in the Proxy, or where both choices have been specified, in favour or all matters described herein, the persons named in the Proxy will vote the common shares represented by the Proxy for the approval of such matter.

Notice and Access

The Company is not sending this Circular to registered or beneficial shareholders using “notice-and-access” as defined under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”).

Registered Shareholders

If you are a Registered Shareholder and wish to have your common shares voted at the Meeting, you will be required to submit your vote by Proxy in advance of the Meeting. Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the Proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("Computershare"), by telephone, internet or mail, in accordance with the instructions on the Proxy.

In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Registered Shareholders electing to submit a Proxy may do so by:

- (a) **Internet.** Vote online at www.investorvote.com using the Proxy control number found in the enclosed Proxy.
- (b) **Telephone.** Using a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll-free number, the holder's account number and the Proxy Control Number.
- (c) **Mail.** Completing, dating and signing the enclosed Proxy and returning it to Computershare, by fax within North America at 1-866-249-7775, or by mail or hand delivery at 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Canada.

In all cases ensuring that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Should you wish to contact Computershare, please refer to the following:

General Shareholder Inquiries:

By phone:	1-800-564-6253
By fax:	1-866-249-7775
By email:	service@computershare.com
By regular mail:	Computershare Investor Services Inc. 100 University Avenue, 8 th Floor Toronto, Ontario, M5J 2Y1

Non-Registered Shareholders (Beneficial Shareholders)

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

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in the shareholder's name on the records of the Company. Such common shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such common shares are registered 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), and in Canada, 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).

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

Pursuant to NI 54-101 of the Canadian Securities Administrators, the Company is sending proxy-related materials directly to NOBOs, which materials will include a scannable Voting Instruction Form (a “**VIF**”). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

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

Every intermediary that mails proxy-related materials to Beneficial Shareholders has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their common shares are voted at the Meeting.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge mails a voting instruction form (the “**Broadridge VIF**”) which is similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. The Broadridge VIF will appoint the same persons as the Company’s Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge 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 the voting of common shares to be represented at the Meeting. **If you receive a Broadridge VIF, you cannot use it to vote common shares directly at the Meeting – the Broadridge VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting to have the common shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your common shares in that capacity. **If you wish to attend at the Meeting and indirectly vote your common shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.**

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your common shares.

Notice to United States Shareholders

The Company’s common shares are not registered under Section 12 of the United States Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), and this solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Residents of the United States should be aware that applicable Canadian proxy solicitation rules differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of the Company’s common shares by shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of common shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards in Canada, and reconciled to accounting principles generally accepted in the United States.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the address of the office of the Company at Suite 400, 1681 Chestnut Street, Vancouver, British Columbia V6J 4M6, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law.

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

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

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Company has fixed **July 25, 2024** as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their common shares voted at the Meeting.

The Company is authorized to issue an unlimited number of common shares without par value. As of the Record Date, there were **28,480,474** common shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares.

To the knowledge of the directors and executive officers of the Company, as at the Record Date, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company.

SETTING NUMBER OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at three (3). The Board proposes that the number of directors be fixed at three (3). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at three (3).

ELECTION OF DIRECTORS

The term of office of each of the current directors expires at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* British Columbia (the "**BCBCA**"), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management’s nominees for election as a director, the province or state and country in which he is ordinarily resident, 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 common shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment⁽¹⁾	Director Since	Common Shares Beneficially Owned or Controlled⁽¹⁾
Deepak Varshney, P. Geo. ⁽²⁾ British Columbia, Canada <i>President, CEO, Secretary and Director</i>	Professional Geologist and CEO of the Company, Usha Resources Ltd., Xander Resources Inc., and Totec Resources Ltd.	March 1, 2022	859,300 ⁽³⁾
Navin Varshney, P. Eng. ⁽²⁾ British Columbia, Canada <i>Director</i>	President of N.K.V. Engineering & Consulting Ltd.	February 24, 2023	506,420
David Ellett ⁽²⁾ Arizona, USA <i>Director</i>	Mortgage loan originator.	February 24, 2023	275,000

- (1) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Denotes member of the Audit Committee.
- (3) Of these common shares, 359,300 are held directly, and 500,000 are held by Castello Q Development Corporation, a company owned and controlled by Deepak Varshney.

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.

Bankruptcies, Orders and Management Cease Trade Orders

To the best of the Company’s knowledge, as at the date of this Circular, and within the last 10 years before the date of this Circular, no proposed nominee for election as a director of the Company (or any of their personal holding companies) was a director or executive officer of any company (including the Company) acted in that capacity for a company that was:

- (a) subject to a cease trade (“CTO”) or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has 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;
- (d) 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
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITOR

Davidson & Company LLP, Chartered Professional Accountants (“**Davidson & Company**”), of 1200 - 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the Board.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee (“**Audit Committee**”) and its relationship with its independent auditor, in accordance with Form 52-110F2 Disclosure by Venture Issuers, as set forth in the following:

The Audit Committee’s Charter

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

Composition of the Audit Committee

The current members of the Audit Committee are David Ellett (Chair), Navin Varshney and Deepak Varshney. All members of the Audit Committee are considered to be financially literate. Deepak Varshney is the President, CEO and Secretary of the Company and, therefore, is not an independent member of the Audit Committee. David Ellett and Navin Varshney are not executive officers of the Company and, therefore, are considered independent members of the Audit Committee.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a member’s independent judgement.

A member of the Audit Committee is considered financially literate if he or she has 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.

Relevant Education and Experience

The following describes the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member:

David Ellett

David “Dave” Ellett is a former defenseman in the National Hockey League who enjoyed a successful 16-year career primarily playing for the Winnipeg Jets and Toronto Maple Leafs. During his NHL career, he co-founded ProIce Management, a wealth management company geared towards professional athletes. After his retirement from the NHL, he continued with ProIce and other business ventures which included owning and managing an automotive dealership, a CHL franchise and working in the mining industry as a director of a number of junior mining companies with a focus on logistics, fundraising, and project acquisition.

Navin Varshney, P. Eng.

Navin Varshney has had a four-decade career in the capital markets and mineral exploration and development sector where he has acted as president, CEO (chief executive officer) and CFO (chief financial officer) of multiple Toronto Stock Exchange-listed issuers and served on many public company boards. He brings significant experience specializing in developing, structuring and financing venture capital companies, specifically in the mining and technology sectors, with over \$30-million raised in the past decade in his public and private ventures.

Deepak Varshney

Deepak Varshney is a professional geologist with over 15 years of experience in the capital markets and mineral exploration and development sector. He has developed long-standing relationships with an extensive network of high net worth retail investors, brokers, and private equity group, and has personally raised over 40 million in the past three years. He is and has

been senior management and a director of multiple publicly traded issuers and holds a Bachelor of Science in Earth Sciences from Simon Fraser University.

Each member of the Audit Committee has:

- 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;
- 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 be reasonably expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor, other than Davidson & Company.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

All services to be performed by the independent auditor of the Company must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provisions of services other than audit services is compatible with maintaining the auditor's independence and has adopted a policy governing the provision of these services. This policy requires that pre-approval by the Audit Committee of all audit and non-audit services provide by any external auditor, other than any de minimus non-audit services allowed by applicable law or regulation.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Davidson & Company, to the Company to ensure auditor independence. The following table outlines the fees incurred by Davidson & Company for audit and non-audit services in the last two financial years:

<u>Nature of Services</u>	<u>Fees Paid to Auditor for the Year Ended March 31, 2024</u>	<u>Fees Paid to Auditor for the Year Ended March 31, 2023</u>
Audit Fees ⁽¹⁾	\$8,000.00	\$6,326.25
Audit-Related Fees ⁽²⁾	\$6,387.25	\$6,523.75
Tax Fees ⁽³⁾	Nil	Nil
All Other Fees ⁽⁴⁾	Nil	Nil
Total:	<u>\$14,387.25</u>	<u>\$12,850.00</u>

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements, and 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 all other non-audit services.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the financial year ended March 31, 2024. This exemption exempts a “venture issuer” from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of that instrument, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

General

Effective June 30, 2005, National Instrument 58-101 Disclosure of Corporate Governance Practices (“**NI 58-101**”) and National Policy 58-201 Corporate Governance Guidelines (“**NP 58-201**”) were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to provide disclosure in accordance with Form 58-101F2 Corporate Governance Disclosure (Venture Issuers). NP 58-201 provides guidance on corporate governance practices. The Board believes that good corporate governance improves corporate performance and benefits all of the Company’s Shareholders. The Canadian Securities Administrators have adopted NI 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the Canadian Securities Administrators have implemented NI 58-101, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

Board of Directors

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

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its audit committee, the Board examines the effectiveness of the Company’s internal control processes and management information systems. The plenary Board reviews executive compensation and recommends stock option grants.

The independent members of the Board are Navin Varshney and David Ellett.

The non-independent member of the Board is Deepak Varshney, President, CEO and Secretary of the Company.

Directorships of Other Reporting Issuers

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

Deepak Varshney is a director of Doubleview Gold Corp., Totec Resources Ltd., Usha Resources Ltd. and Xander Resources Inc.

Navin Varshney is a director of Usha Resources Ltd. and Troubadour Resources Inc.

Dave Ellett is a director of Usha Resources Ltd.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board determines compensation for the directors and CEO.

Other Board Committees

At present, the only Board committee is the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

STATEMENT OF EXECUTIVE COMPENSATION

Executive Compensation

In this section "Named Executive Officer" ("NEO") means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and the CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year end.

During the financial years ended March 31, 2024 and 2023, the Company had two NEOs: Deepak Varshney, President, CEO and Secretary of the Company, and Khalid Naeem, CFO of the Company.

Compensation Discussion and Analysis

The Board of the Company has not yet appointed a Compensation Committee. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management, with a view to fulfilling its responsibilities concerning executive and director compensation, reviewing director compensation, overseeing the Company's base compensation structure and equity-based compensation programs, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally, all in light of the Company's annual goals and objectives.

The Company intends to formalize its compensation policies and practices and will take into consideration the implications of any risks associated with the Company's compensation program.

Philosophy and Objectives

The compensation program for the Company's senior management is designed to ensure that the level and form of compensation achieves certain objectives, including: (a) attracting and retaining talented, qualified and effective executives; and (b) motivating the short and long-term performance of these executives.

Equity Participation

The Company believes that encouraging its executives, directors, consultants and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan (the "**Option Plan**") and restricted share unit plan ("**RSU Plan**") (collectively, the "**Plans**"). Stock options ("**Options**") and/or restricted share units ("**RSUs**") are issued to executives, directors, consultants and employees taking into account a number of factors, including the amount and term of Options previously granted and competitive factors. The amounts and terms of Options and RSUs granted are determined by the Board.

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

Option-Based Awards

As at the financial year ended March 31, 2023, the Company did not have a stock option plan. On September 19, 2023, the Company adopted its 10% rolling Option Plan and its 10% rolling RSU Plan. On July 2, 2024, the Board adopted its amended Option Plan (the "**Amended Option Plan**") and together with the RSU Plan, the "**Plans**") which superseded the Option Plan adopted by the Board on September 19, 2023. The Amended Option Plan and RSU Plan are subject to regulatory and Disinterested Shareholder Approvals (as defined below).

The Plans provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes Option and/or RSU grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All Option and RSU grants require approval of the Board. The Plans are administered by the Board.

Summary Compensation Table

Name and Principal Positions	Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Deepak Varshney ⁽²⁾ <i>President, CEO and Secretary</i>	2024	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
	2023	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
	2022	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
Khalid Naeem ⁽³⁾ <i>CFO</i>	2024	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
	2023	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
	2022	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil

(1) For the financial years ended March 31.

(2) Mr. Varshney has served as the President since March 1, 2022, and as CEO and Secretary of the Company since February 24, 2023.

(3) Mr. Naeem has served as the CFO of the Company since February 24, 2023.

The Company plans to spend \$60,000 to compensate its management and directors during the next twelve months. It has not been decided yet how this compensation will be allocated.

Incentive Plan Awards

The Company may grant up to 10% of the issued and outstanding common shares of the Company pursuant to each of the Amended Option Plan and the RSU Plan. There were no Option-based awards outstanding as at the financial year ended March 31, 2024 for each NEO. There were no share-based awards to any of the NEOs as at the financial year ended March 31, 2024.

Incentive Plan Awards – Value Vested or Earned During the Year

None.

Termination and Change of Control Benefits

There are no compensatory plans or arrangements with respect to any NEO resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of an NEO's responsibilities following a change in control.

Director Compensation

During the most recently completed financial year-ended March 31, 2024, the directors who were not NEOs received the following compensation for services provided to the Company.

Name	Fees earned (\$)	Share-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Navin Varshney ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
David Ellett ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil

(1) Served as a director of the Company since February 24, 2023.

Outstanding Option-Based Awards

None.

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, or for involvement in special assignments during the most recently completed financial year.

Incentive Plan Awards – Value Vested or Earned During the Year

None.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the Company's financial year ended March 31, 2024:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	N/A	N/A	N/A
Equity compensation plans not approved by securityholders (Amended Option Plan and RSU Plan)	Nil	N/A	5,696,094
Total:	Nil		5,696,094

(1) Based on the issued and outstanding common shares of 28,480,474 as at the financial year ended March 31, 2024.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Company's management, no informed person (a director, officer or holder of 10% or more of the common shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the financial year ended March 31, 2024, or has any interest in any material transaction in the current year other than as set out herein.

MANAGEMENT CONTRACTS

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

PARTICULARS OF MATTERS TO BE ACTED UPON

Approve Adoption of Amended Stock Option Plan

On September 19, 2023, the Board approved the adoption of the Company's Option Plan. On July 2, 2024, the Board approved the adoption of its Amended Option Plan which superseded the Company's Option Plan dated for reference September 19, 2023. The Amended Option Plan is subject to regulatory approval and Disinterested Shareholder Approval (as defined below). The Amended Option Plan is a rolling plan, and a maximum of 10% of the issued and outstanding common shares of the Company at the time an Option is granted, less common shares reserved for issuance on exercise of Options then outstanding under the Amended Option Plan, are reserved for Options to be granted at the discretion of the Board to eligible optionees (an "**Optionee**"). At the date of this Circular, there were nil Options outstanding.

A full copy of the Amended Option Plan may be obtained upon request from the Company.

Eligible Optionees

To be eligible to receive a grant of Options under the Amended Option Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant or an employee of a company providing management or other services to the Company or a subsidiary at the time the Option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an Option grant. If the Option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the Option remains in effect.

Restrictions

The Amended Option Plan is subject to the following restrictions:

- (a) The Company must not grant an Option to a director, employee, consultant, or consultant company (the "**Service Provider**") in any 12-month period that exceeds 5% of the outstanding common shares of the Company, unless the Company has obtained approval by a majority of the Disinterested Shareholders (defined below) of the Company;
- (b) The aggregate number of Options granted to a Service Provider conducting investor relations activities in any 12 month period must not exceed 2% of the outstanding shares calculated at the date of the grant, without prior regulatory approval;
- (c) The Company must not grant an Option to a Consultant in any 12 month period that exceeds 2% of the outstanding shares calculated at the date of the grant of the Option;
- (d) The aggregate number of common shares reserved for issuance under Options granted to Insiders (defined below) must not exceed 10% of the outstanding shares (in the event that the Amended Option Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;

- (e) The number of optioned shares issued to Insiders in any 12 month period must not exceed 10% of the outstanding shares (in the event that the Amended Option Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (f) The issuance to any one Optionee within a 12 month period of a number of common shares must not exceed 5% of outstanding shares unless the Company has obtained Disinterested Shareholder Approval to do so;
- (g) The exercise price of an Option previously granted to an Insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so; and
- (h) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

Definitions

“Disinterested Shareholder Approval” means the approval by a majority of the votes cast by all shareholders of the Company at the Meeting excluding votes attached to listed common shares beneficially owned by Insiders (defined below) of the Company and Associates (as defined in the British Columbia *Securities Act*) of Insiders.

An **“Insider”** is a director, or senior officer of the Company, a director or senior officer of a company that is an Insider or subsidiary of the Company, or a person that beneficially owns or controls, directly or indirectly, voting common shares carrying more than 10% of the voting rights attached to all outstanding voting common shares of the Company.

Material Terms of the Option Plan

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

- (a) persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of Options under the Amended Option Plan;
- (b) all Options granted under the Amended Option Plan expire on a date not later than 10 years after the issuance of such Options. However, should the expiry date for an Option fall within a trading Blackout Period (as defined in the Option Plan, generally meaning circumstances where sensitive negotiations or other like information is not yet public), within 9 business days following the expiration of a Blackout Period;
- (c) for Options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) an Option granted to any Service Provider will expire within 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- (e) if an Optionee dies, any vested Option held by him or her at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee’s Options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) the exercise price of each Option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Amended Option Plan);
- (h) vesting of Options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a

satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or its affiliates during the vesting period;

- (i) in the event of a take over bid being made to the shareholders generally, immediately upon receipt of the notice of the take over bid, the Company shall notify each Optionee currently holding any Options, of the full particulars of the take over bid, and all outstanding Options may, notwithstanding the vesting terms contained in the Amended Option Plan or any vesting requirements subject to regulatory approval; and
- (j) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Amended Option Plan with respect to all Amended Option Plan shares in respect of Options which have not yet been granted under the Option Plan. The Board has the right to amend the Amended Option Plan without the prior Shareholder Approval or the Disinterested Shareholder Approval if such approval is required to comply with CSE policies.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the Amended Option Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the Amended Option Plan also provide the following:

The Board may, without shareholder approval:

- (i) amend the Amended Option Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an Option granted under the Amended Option Plan, if applicable;
- (iii) change the termination provision of an option granted under the Amended Option Plan if it does not entail an extension beyond the original expiry date of such Option;
- (iv) make such amendments to the Amended Option Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (v) make such amendments as may otherwise be permitted by regulatory authorities;
- (vi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the CNSX-V, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (vii) amend the Amended Option Plan to reduce the benefits that may be granted to Service Providers.

Shareholder Approval

At the Meeting, Disinterested Shareholders will be asked to consider and vote on the ordinary resolution to approve the Amended Option Plan, with or without variation, as follows:

“UPON MOTION DULY MADE, IT WAS RESOLVED AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS THAT:

1. The adoption of the 10% rolling amended Stock Option Plan (the “**Option Plan**”), as approved by the Company’s Board on July 2, 2024, as more particularly described in the Circular of the Company dated July 25, 2024, be ratified and approved.
2. All outstanding options granted previously by the Company be rolled into the Option Plan.
3. To the extent permitted by law, the Company be authorized to abandon all or any part of the Option Plan if the Board deems it appropriate and in the best interests of the Company to do so.
4. Any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to these resolutions.”

The Board recommends that shareholders vote in favour of the Amended Option Plan. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing ordinary resolution.

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

Approve Adoption of Restricted Share Unit Plan

On September 19, 2023, the Board approved the adoption of the Company's RSU Plan, which is subject to regulatory approval and Disinterested Shareholder Approval. The RSU Plan is a rolling plan, and a maximum of 10% of the issued and outstanding common shares of the Company at the time an RSU is granted, less common shares reserved for issuance on exercise of RSUs then outstanding under the RSU Plan, are reserved for RSUs to be granted at the discretion of the Board for selected Eligible Persons (the "**Eligible Persons**" as further defined below). At the date of this Circular, there were nil RSUs outstanding.

The Board adopted the RSU Plan to allow for certain discretionary bonuses and similar awards as an incentive and reward for Eligible Persons related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. The RSU Plan is intended to promote a greater alignment of interests between the shareholders of the Company and the Eligible Persons by providing an opportunity to participate in increases in the value of the Company. As the Company continues to measure its performance and shareholder value, the Company exercises considerable care to restrain share dilution and therefore wishes to use the granting of RSUs to certain directors, officers, consultants and employees.

A full copy of the RSU Plan may be obtained upon request from the Company.

Description of RSU Plan

The RSUs granted under the RSU Plan will vest on the later of the (i) Trigger Date (defined below), and (ii) the date upon which the relevant Performance Condition (defined below) or other vesting condition set out in the Award (defined below) has been satisfied.

RSUs tend to serve as short term compensation, depending on the vesting criteria imposed by the Board. When determining the number of RSUs to be granted to a director, officer or other consultant or employee, the Board takes into account the duties and seniority of the Eligible Person, the performance of the and contributions to the success of the Company.

Under the terms of the RSU Plan, the Board may grant RSUs to eligible participants. Each RSU represents the right to receive one common share for no additional consideration upon vesting of an RSU in accordance with the terms of the RSU Plan.

A director, officer, employee or consultant of the Company who has been designated by the Company for participation in the RSU Plan and who agrees to participate in the RSU Plan is an eligible participant to receive RSUs under the RSU Plan (an "**RSU Participant**"). Participation in the RSU Plan is voluntary and, if an eligible participant agrees to participate, the grant of Units will be evidenced by an agreement between the Company and the participant.

The RSU Plan is subject to the following limitations:

- (a) the maximum number of common shares which may be reserved for issuance to Insiders (as a group) under the RSU Plan may not exceed 10% of the issued common shares;
- (b) the maximum number of RSUs that may be granted to Insiders (as a group) under the RSU Plan within a 12-month period, may not exceed 10% of the issued common shares calculated on the grant date; and
- (c) the maximum number of RSUs that may be granted to any one Eligible Person under the RSU Plan may not exceed 5% of the issued common shares calculated on the grant date.

If an RSU Participant ceases to be an eligible participant under the RSU Plan due to termination with cause or voluntary termination by the RSU Participant, all unvested RSUs previously credited to the RSU Participant's account and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a termination arising from the termination of employment or removal from service by the Company or a related entity for cause, retirement of the recipient or the voluntary resignation by the recipient.

If an RSU Participant ceases to be an eligible participant under the RSU Plan due to termination without cause, death, total or permanent long-term disability or retirement, any unvested RSUs previously credited to the participant's account will immediately vest on the date the recipient ceases to be an Eligible Person, unless the Board at any time otherwise determines.

1. RSUs and all other rights, benefits or interests in the RSU Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a recipient dies the legal representatives of the recipient will be entitled to receive the amount of any payment otherwise payable to the recipient hereunder in accordance with the provisions hereof.
2. If a cash dividend is paid on the common shares of the Company, a recipient's account will be credited with the number and type of RSUs (including fractional RSUs, computed to three digits) calculated by:
 - (a) multiplying the amount of the dividend per common share by the aggregate number of RSUs that were credited to the Eligible Person's account as of the record date for payment of the dividend, and
 - (b) dividing the amount obtained in §(a) by the Fair Market Value on the date on which the dividend is paid,

provided that such crediting is subject to the limitations set out in the RSU Plan as to the maximum number of RSUs allowable under the RSU Plan.

Under the terms of the RSU Plan, the Board may amend the RSU Plan as it deems necessary or appropriate, subject to the requirements of applicable laws, but no amendment will, without the consent of the recipient or unless required by law, adversely affect the rights of a recipient with respect to RSUs to which the Recipient is then entitled under the RSU Plan.

RSUs are not considered to be common shares or securities of the Company, and an RSU Recipient who is issued RSUs will not, as such, be entitled to receive notice of or to attend any shareholders' meeting of the Company, nor entitled to exercise voting rights or any other rights attaching to the ownership of common shares or other securities of the Company, and will not be considered the owner of common shares by virtue of such issuance of RSUs.

The RSU Plan is an unfunded plan, including for tax purposes and for purposes of the *Employee Retirement Income Security Act* (United States). Any recipient to which RSUs are credited to his or her account or holding RSUs or related accruals under the RSU Plan will have the status of a general unsecured creditor of the Company with respect to any relevant rights that may arise thereunder.

Approval of the RSU Plan is subject to Disinterested Shareholder Approval.

Resolution Approving Adoption of the RSU Plan

At the Meeting, Disinterested Shareholders will be asked to consider and vote on the ordinary resolution to approve the RSU Plan (the "**RSU Plan Resolution**"), with or without variation, as follows:

"UPON MOTION DULY MADE, IT WAS RESOLVED AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS THAT:

1. The adoption of the 10% rolling restricted share unit plan (the "**RSU Plan**"), as approved by the Board on September 19, 2023, as more particularly described in the Circular of the Company dated July 25, 2024, is hereby ratified, confirmed and approved.
2. To the extent permitted by law, the Company be authorized to abandon all or any part of the RSU Plan if the Board deems it appropriate and in the best interests of the Company to do so.
3. Any one director or officer of the Company is authorized and directed on behalf of the Company to execute all documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution."

The Board recommends that the Disinterested Shareholders vote FOR the RSU Plan Resolution. Unless otherwise instructed, common shares represented by proxies in favour of management will be voted FOR the RSU Plan Resolution.

"**Award**" means an agreement evidencing the grant of an RSU.

“**Eligible Person**” means any person who is a director, employee, officer or consultant.

“**Performance Condition**” means the performance conditions for vesting of RSUs as may be specified by the Board in the Award.

“**Trigger Date**” means, with respect to an RSU, the date set by the Board at the time of grant, and if no date is set by the Board, then December 1 of the third calendar year following the grant date of the RSU, as such may be amended in accordance with §2.6 of the RSU Plan.

ADDITIONAL INFORMATION

Additional information concerning the Company can be found on SEDAR+ at www.sedarplus.ca.

Financial information relating to the Company is provided in the Company’s audited financial statements and the management discussion and analyses (“**MD&A**”) (together, the “**Financial Materials**”) for the years ended March 31, 2024 and 2023. Shareholders may download the Financial Materials from SEDAR+ (www.sedarplus.ca) or contact the Company directly to request copies of the Financial Materials or additional financial information at Suite 400 – 1681 Chestnut Street, Vancouver, BC, V6J 4M6; telephone to 604.737.2303, or fax to 604.737.1140.

OTHER MATTERS

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

SCHEDULE “A”**FORMATION METALS INC.
(the “Company”)
AUDIT COMMITTEE CHARTER****Purpose of the Committee**

The purpose of the audit committee (the “**Audit Committee**”) of the directors of the Company (the “**Board**”) is to provide an open avenue of communication between management, the Company’s independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company’s financial reporting and disclosure practices;
- the Company’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company’s independent auditor.

The Audit Committee shall also perform any other activities consistent with this Charter, the Company’s articles and governing laws as the Audit Committee or Board deems necessary or appropriate.

The Audit Committee shall consist of at least three directors. Members of the Audit Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Audit Committee shall elect a Chairman from among their number. A majority of the members of the Audit Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Audit Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Audit Committee may determine its own procedures.

The Audit Committee’s role is one of oversight. Management is responsible for preparing the Company’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit the Company’s financial statements and provide its opinion, based on its audit conducted in accordance with IFRS, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Audit Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Audit Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

Authority and Responsibilities

In addition to the foregoing, in performing its oversight responsibilities the Audit Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company’s CFO and CEO and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company’s accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.
11. Establish and review the Company's procedures for the:
 - receipt, retention and treatment of complaints regarding accounting, financial disclosure,
 - internal controls or auditing matters; and
 - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of the Company.