

## GRANADA GOLD MINE INC.

3028 Quadra Court  
Coquitlam, BC, V3B 5X6  
Tel: 819-797-4144 / Fax: 819-279-3821

Dear Shareholders:

The Board of Directors of Granada Gold Mine Inc. (the “**Company**”) has called an annual general and special meeting of shareholders to be held at the head office of the Company on July 17, 2023. One of the purposes of the meeting is to amend the share capital of the Company so as to facilitate the development of the Company’s Granada Gold Property near Rouyn-Noranda, Québec.

Specifically, shareholders will be asked to approve the creation of Class A Redeemable Preferred Shares. The Company intends to issue Class A Redeemable Preferred Shares at an estimated price of USD \$31.10 per share and raise up to USD \$25 million by way of private placement. The Company will use the proceeds from the private placement to accelerate the processing of gold at the Granada Gold Property in order to process a fixed amount of gold-bearing material, being 75,000 ounces over 36 months, and for working capital. The Company believes that it can accelerate the processing of gold at the Granada Gold Property in this manner without undue dilution to the holders of the Company’s common shares.

The Class A Redeemable Preferred Shares will be redeemable 36 months from the closing date of the financing, subject to the right of the Company to advance the redemption date in its discretion. Holders of the Class A Redeemable Preferred Shares will have an option to redeem their shares for a gold credit if the Company produces at least 25,000 ounces of gold from the Granada Gold Property within 36 months from the closing date of the private placement. Class A Redeemable Preferred Shareholders who have not elected to redeem their shares in the form of a gold credit will have their Class A Redeemable Preferred Shares automatically redeemed by the Company for cash, based on the New York spot price for gold multiplied by the number of grams represented by the Class A Redeemable Preferred Shares held at that time. For that purpose, each Class A Redeemable Preferred Share will be deemed to represent one gram of gold. As security for the holders of Class A Redeemable Preferred Shares, the Company intends to grant a hypothec (mortgage) or security interest in the Granada Gold Property in their favour.

At the meeting, shareholders will also be asked to approve the creation of Class B Redeemable Preferred Shares and to amend the terms and conditions of the Company’s common shares, so that each common share will be convertible at the option of its holder into Class B Redeemable Preferred Shares during a period of 30 days prior to the redemption date, using a conversion ratio based on the volume weighted average trading price of the common shares immediately prior to conversion and the issue price of the Class A Redeemable Preferred Shares (estimated to be USD \$31.10). The Class B Redeemable Preferred Shares will be redeemable in the same manner as the Class A Redeemable Preferred Shares, subject to the condition that no Class B Redeemable Preferred Share may be redeemed until all Class A Redeemable Preferred Shares have been redeemed.

The TSX Venture Exchange has conditionally accepted the supplemental listing of the Class A Redeemable Preferred Shares, so that the Class A Redeemable Preferred Shares will be listed on the TSXV, subject to the Company satisfying a number of standard listing conditions. The Class B Redeemable Preferred Shares will not be listed on the TSXV.

The Board of Directors of the Company unanimously recommends that shareholders vote in favour of the two special resolutions amending the Company’s share capital. We believe this project will allow the Company to move forward at an accelerated pace. Please read the annexed management information circular carefully, and thank you for your support.

Yours truly,

*“Frank J. Basa”*

Frank J. Basa, P. Eng.  
President, CEO and Director

June 5, 2023

## GRANADA GOLD MINE INC.

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Tel: 819-797-4144 / Fax: 819-279-3821

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**TAKE NOTICE** that an Annual General and Special Meeting (the “**Meeting**”) of the shareholders of Granada Gold Mine Inc. (the “**Company**”) will be held at 3028 Quadra Court, Coquitlam, British Columbia, on July 17, 2023 at 10:00 a.m. (Pacific time). The purposes of the Meeting are to:

1. Receive the audited financial statements of the Company for its financial year ended June 30, 2022 and the report of the auditor thereon;
2. Set the number of directors of the Company to be elected at three;
3. Elect directors of the Company for the ensuing year;
4. Appoint the auditor of the Company for the ensuing year and authorize the directors to fix its remuneration;
5. Consider and, if deemed advisable, adopt an ordinary resolution ratifying and confirming the Company’s Stock Option Plan, as more particularly described in the accompanying management information circular of the Company (the “**Information Circular**”), and authorizing the directors to make modifications thereto in accordance with Stock Option Plan and the policies of the TSX Venture Exchange;
6. Consider and, if deemed advisable, adopt a special resolution approving the creation of Class A Redeemable Preferred Shares;
7. Consider and, if deemed advisable, adopt a special resolution approving the creation of Class B Redeemable Preferred Shares and a related amendment to the terms and conditions of the Company’s common shares; and
8. Consider any permitted amendment to or variation of any matter identified in this Notice and to transact such other business as may properly come before the Meeting or any adjournment thereof.

Management is not currently aware of any other matters that could come before the Meeting.

The details of the matters proposed to be put before the Meeting are set out in the Information Circular accompanying this Notice, which is supplemental to and expressly made a part of this Notice. Shareholders of record as of the close of business on June 5, 2023 (the “**Record Date**”) will be entitled to vote at the Meeting and at any adjournment or adjournments thereof.

**It is important that your shares be represented at this Meeting to ensure a quorum. If you cannot be present to vote in person, please ensure that your proxy or, if a corporation, your representative, is appointed and present to vote on your behalf at the Meeting. Instructions regarding the appointment of a proxy or representative are contained in the Information Circular.**

**DATED** at Coquitlam, BC, this 5<sup>th</sup> day of June, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

*“Frank J. Basa”*

Frank J. Basa, P. Eng.  
President, CEO and Director

## HEALTH NOTICE

Amid ongoing concerns about public health, the Company remains mindful of the wellbeing of our shareholders and their families, our industry partners and other stakeholders as well as the communities in which we operate.

The Company currently intends on holding an in-person shareholders' meeting. **However, the Company discourages shareholders from physically attending the Meeting** and, in order to ensure as many common shares as possible are represented at the Meeting, strongly encourages registered shareholders of the Company (the "**Registered Shareholders**") to complete the Form of Proxy and return it as soon as possible in accordance with the instructions outlined in the Information Circular. Shareholders who do not hold their common shares in their own name are strongly encouraged to complete the voting instruction forms received from their broker as soon as possible and to follow the instructions set out in the accompanying Information Circular. In addition, only Registered Shareholders or their duly-appointed proxy holders will be permitted to attend the Meeting. The Company thanks all shareholders for their understanding.

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## GRANADA GOLD MINE INC.

3028 Quadra Court  
Coquitlam, BC, V3B 5X6  
Tel: 819-797-4144 / Fax: 819-762-2306

### MANAGEMENT INFORMATION CIRCULAR

as at June 5, 2023

FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 17, 2023.

**This information circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of GRANADA GOLD MINE INC. (the “Company”) for use at the Annual General and Special Meeting of shareholders of the Company (the “Meeting”) to be held on July 17, 2023 at 10:00 a.m. Pacific time, at the place and for the purposes set out in the accompanying Notice of Annual General and Special Meeting.**

Notice of the Meeting was provided to the TSX Venture Exchange (the “TSXV”) and to the securities commissions in each jurisdiction in which the Company is a reporting issuer under applicable securities laws.

In this Information Circular, “**Registered Shareholders**” means shareholders who hold their shares directly in their respective names, “**Non-Registered Shareholders**” means shareholders who do not hold common shares in their own names and “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

The contents and the sending of this Information Circular have been approved by the directors of the Company.

### FORWARD-LOOKING STATEMENTS

Certain statements in this Information Circular may constitute forward-looking statements within the meaning of applicable securities laws, including, without limitation, statements with respect to a proposed private placement of Class A Redeemable Preferred Shares, development of the Company’s Granada Gold Property near Rouyn-Noranda, Québec and production of gold from the Granada Gold Property. In making the forward-looking statements in this Information Circular, the Company has applied certain factors and assumptions that are based on the Company’s current beliefs as well as assumptions made by and information currently available to the Company. Although the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this Information Circular are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

### INTERNET AVAILABILITY OF PROXY MATERIALS

#### Notice-and-Access

The Company has elected to use “notice-and-access” rules (“**Notice-and-Access**”) under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) for distribution of its Proxy-Related Materials (as defined below) to Non-Registered Shareholders. Notice-and-Access is a set of rules that allows issuers to post electronic versions of proxy-related materials on SEDAR and on one additional website, rather than mailing paper copies. “**Proxy-Related Materials**” refers to this Information Circular, the Notice of Meeting, and the voting instruction form (“**VIF**”) or a form of proxy.

The use of Notice-and-Access is more environmentally friendly as it helps reduce paper use. It also reduces the Company's printing and mailing costs. Shareholders may obtain further information about Notice-and-Access by contacting: (i) for Non-Registered Shareholders with a 15-digit Control Number: Computershare Investor Services Inc. toll free at 1-866-964-0492 or at [www.computershare.com/notificationandaccess](http://www.computershare.com/notificationandaccess); or (ii) for Non-Registered Shareholders with a 16-digit Control Number: Broadridge Financial Solutions, Inc. toll free at 1-855-887-2244.

The Company is not using Notice-and-Access for delivery to Registered Shareholders; they will receive paper copies of the Information Circular and related materials via prepaid mail.

### **Websites Where Proxy-Related Materials are Posted**

The Proxy-Related Materials are available on the Company's website at [www.granadagoldmine.com](http://www.granadagoldmine.com) and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Notice Package**

Although the Proxy-Related Materials have been posted online as noted above, Non-Registered Shareholders are receiving paper copies of a notice package (the "**Notice Package**") via prepaid mail, containing information prescribed by NI 54-101 such as: the date, time and location of the Meeting, the website addresses where the Proxy-Related Materials are posted, a VIF, and supplemental mail list return card for Non-Registered Shareholders to request they be included in the Company's supplementary mailing list for receipt of the Company's interim financial statements for the 2023 fiscal year.

### **How to Obtain Paper Copies of Proxy-Related Materials**

Non-Registered Shareholders may obtain paper copies of the Information Circular free of charge by contacting: (i) for Non-Registered Shareholders with a 15-digit Control Number: Computershare Investor Services Inc. toll free at 1-866-962-0498 (within North America) or 514-982-8716 (outside North America); or (ii) for Non-Registered Shareholders with a 16-digit Control Number: Broadridge Financial Solutions, Inc. toll free at 1-877-907-7643. Any request for paper copies which are required in advance of the Meeting should be sent so that the request is received by the Company by 5:00 p.m. (Pacific time) on June 30, 2023 in order to allow sufficient time for Non-Registered Shareholders to receive their paper copies and to return their VIFs by the due date. After the Meeting, Non-Registered Shareholders may obtain paper copies of the Information Circular free of charge by contacting the Secretary of the Company at 819-797-4144.

## **GENERAL PROXY INFORMATION**

### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders of the common shares held of record by those Intermediaries and the Company may reimburse the Intermediaries for their reasonable fees and disbursements by them in so doing.

### **Appointment of Proxyholders**

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

## Voting by Proxyholder

The Management Designees named in the proxy will vote the common shares represented thereby in accordance with the instructions of the shareholder 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 will confer discretionary authority on the nominees named therein with respect to:

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

**THE COMMON SHARES REPRESENTED BY THE ACCOMPANYING FORM OF PROXY WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER, HOWEVER, IF SUCH A DIRECTION IS NOT MADE IN RESPECT OF ANY MATTER, THIS PROXY WILL BE VOTED AS RECOMMENDED BY MANAGEMENT.**

## Registered Shareholders

If you are a Registered Shareholder, you may elect to submit a proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc., by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail or by hand to the 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to a toll-free number. Registered Shareholders 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 access number; or
- (c) using the internet through the website of the Company's transfer agent at [www.computershare.com/ca/proxy](http://www.computershare.com/ca/proxy). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number;

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. Late proxies may be accepted or rejected by the Chairman of the Meeting in his or her discretion, however, the Chairman is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive this time limit for receipt of proxies without notice.

## Non-Registered Shareholders

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

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 Intermediaries. 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).

Intermediaries are required to seek voting instructions from Non-Registered Shareholders in advance of meetings of shareholders. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. You are encouraged to follow the instructions provided by your Intermediary to provide your voting instructions. Your Intermediary will not vote your common shares without receiving instructions from you.

The form of proxy supplied to you by your Intermediary will be similar to the proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote your common shares on your behalf. Most Intermediaries delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company’s proxy to represent your common shares at the Meeting. You have the right to appoint a person, who need not be a Non-Registered Shareholder of the Company, other than any of the persons designated in the VIF, to represent your common shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative, which may be yourself, 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 the voting of common shares to be represented at the Meeting and the appointment of any shareholder’s representative. If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your common shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your common shares at the Meeting.

#### **Non-Objecting and Objecting Beneficial Owners**

There are two types of Non-Registered Shareholders. Non-Registered Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBOs” or “Non-Objecting Beneficial Owners”. Non-Registered Shareholders who have objected to their Intermediary disclosing the ownership information about themselves to the Company are referred to as “OBOs” or “Objecting Beneficial Owners”. In accordance with NI 54-101, the Company has elected to send the Meeting materials to the NOBOs utilizing the services of Broadridge. The Company does not intend to pay for Intermediaries to deliver Meeting materials to OBOs and, as such, OBOs will not receive proxy-related materials unless the OBO’s Intermediary assumes the delivery costs. Please return your voting instructions as specified in the VIF or form of proxy delivered to you.

Please vote in sufficient time to allow your Intermediary to provide the proxy at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

#### **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), as amended, all of its directors and its executive officers are residents of Canada and a substantial portion of the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

## Revocation of Proxies

A Registered Shareholder who has given a proxy may revoke the proxy at any time prior to use by:

- (a) depositing an instrument in writing, including another completed proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the registered and records office of the Company located at 3028 Quadra Court, Coquitlam, British Columbia V3B 5X6, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the holding of the Meeting or any adjournment thereof, (ii) with Computershare Investor Services Inc., Proxy Department, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the holding of the Meeting or any adjournment thereof, or (iii) with the chair of the Meeting on the day of the Meeting or any adjournment thereof;
- (b) transmitting, by telephone or electronic means, a revocation that complies with paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be; or
- (c) in any other manner permitted by law including attending the Meeting in person.

A Non-Registered Shareholder who has submitted a form of proxy may revoke it by contacting the Intermediary through which the Non-Registered Shareholder's common shares are held and following the instructions of the Intermediary respecting the revocation of proxies.

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

## Signing of Proxy

The form of proxy must be signed by the shareholder of the Company or the duly-appointed attorney of the shareholder of the Company authorized in writing or, if the shareholder of the Company is a corporation, by a duly-authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the shareholder of the Company or in some other representative capacity, including an officer of a corporation which is a shareholder of the Company, should indicate the capacity in which such person is signing and should be accompanied by the appropriate instrument evidencing the qualification and authority to act of such person, unless such instrument has previously been filed with the Company.

A shareholder of the Company or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be.

## RECORD DATE, VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

### Record Date

In accordance with applicable laws, the Board of Directors of the Company (the "**Board**") has provided notice of and fixed the record date as of June 5, 2023 (the "**Record Date**") for the purposes of determining shareholders entitled to receive notice of, and to vote at, the Meeting, and has obtained a list of all persons who are Registered Shareholders at the close of business on the Record Date and the number of common shares registered in the name of each Registered Shareholder on that date. Each Registered Shareholder as at the close of business on the Record Date will be entitled to receive notice of the Meeting and will be entitled to one vote at the Meeting for each common share registered in his or her name as it appears on the list.

## **Description of Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value. As at the Record Date, the Company had outstanding 150,465,226 fully paid and non-assessable common shares without par value, each common share carrying the right to one vote. The Company has no other classes of voting securities.

## **Ownership of Securities of the Company**

To the knowledge of the directors and executive officers of the Company, no individual person or corporation beneficially owns, or controls or directs, directly or indirectly, common shares carrying 10% or more of the voting rights attached to the common shares of the Company.

## **STATEMENT OF EXECUTIVE COMPENSATION**

The following terms have the meanings set out below:

Chief Executive Officer (“CEO”) means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently-completed financial year.

Chief Financial Officer (“CFO”) means an individual who served as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently-completed financial year.

Named Executive Officers (“NEOs”) means the following individuals: (a) a CEO; (b) a CFO; (c) each of the Company’s three most highly-compensated executive officers, or the three most highly-compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently-completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

## **Compensation Discussion & Analysis**

When determining the compensation of the NEOs, the Board considers the resources of the Company and the objectives of attracting, motivating and retaining highly-skilled and experienced executive officers. The Board does not have a formal compensation program with set benchmarks, however, the Board does have an informal program which seeks to reward an executive officer’s current and future expected performance and the achievements of corporate milestones and align the interests of executive officers with the interests of the Company’s shareholders.

The compensation awarded to, earned by, paid to or payable to each of the NEOs for the most recently-completed financial year is set out under the heading “*Executive Compensation – Summary of Compensation*”.

## **Compensation Review Process**

The Board reviews on an annual basis the cash compensation, performance and overall compensation package of each executive officer, including the NEOs.

In establishing levels of remuneration, stock option and bonus grants, the Board is guided by the following principles:

- compensation is determined on an individual basis by the need to attract and retain talented, qualified and effective executives;
- total compensation is set with reference to the market for similar positions in comparable companies and with reference to the location of employment; and
- the current market and economic environment.

## Assessment of Individual Performance

Individual performance in connection with the achievement of corporate milestones and objectives is reviewed by the Board for all executive officers. While awards are generally tied to performance against quantitative objectives, consideration is also given to an individual's qualitative contribution to the Company. For example, the Board will evaluate the individual's leadership skills, commitment to the Company's shareholders, innovation and teamwork.

## Elements of Executive Compensation

There are two main elements of direct compensation, namely base salary and equity participation through the Company's stock option plan (the "**Stock Option Plan**").

### Base Salary

The base fee or salary for each NEO is determined by an assessment by the Board of such NEO's performance, a consideration of competitive compensation levels in companies similar to the Company and review of the performance of the Company as a whole.

### Option-Based Awards

In the Company's view, encouraging its executive officers and employees to become shareholders of the Company is the best way to align their interests with those of the Company's shareholders. Equity participation is accomplished through the Stock Option Plan.

The Board reviews the performance of the Company's management and advisors from time to time, and recommends option-based awards as appropriate, taking into consideration factors such as individual performance and the overall performance of the Company.

## Summary of Compensation

During the year ended June 30, 2022, the Company had three NEOs, namely (i) Frank J. Basa, President and CEO of the Company; (ii) Remantra Sheopaul, who was appointed CFO of the Company on April 1, 2022; and (iii) Ryan Webster, who served as CFO of the Company from April 1, 2021 to April 1, 2022. The following table sets out a summary of the compensation paid to the Company's NEOs for the fiscal year ended June 30, 2022.

Name and principal position	Year	Salary (\$)	Share based awards (\$)	Option based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Frank J. Basa <sup>(2)</sup> President and CEO	2022	Nil	Nil	Nil	Nil	Nil	Nil	300,000	300,000
	2021	Nil	Nil	Nil	Nil	Nil	Nil	300,000	300,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil	300,000	300,000
Remantra Sheopaul <sup>(3)</sup> CFO	2022	Nil	Nil	Nil	Nil	Nil	Nil	13,180	13,180
	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ryan Webster <sup>(3)</sup> Former CFO	2022	Nil	Nil	Nil	Nil	Nil	Nil	86,997	86,997
	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Deemed fair value of options granted during the fiscal year ended June 30, 2021, based on the Black-Scholes model. Indicated figure does not represent in-the-money value of options on grant date.
- (2) Compensation paid to Mineral Recovery Management Systems Corp., a private company beneficially owned by Frank J. Basa and Elaine Basa. See "Termination of Employment, Change in Responsibilities and Employment Contracts" for details.
- (3) Remantra Sheopaul was appointed CFO of the Company on April 1, 2022 in replacement of Ryan Webster.

## Incentive Plan Awards

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

The following table sets out for each Named Executive Officer, the incentive stock options (option-based awards) and share-based awards, outstanding as at June 30, 2022, the end of the Company's most recently-completed financial year.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Frank J. Basa	300,000	\$0.05	February 14, 2026	Nil	Nil	Nil	Nil
	200,000	\$0.12	October 4, 2024	Nil	Nil	Nil	Nil
	150,000 <sup>(2)</sup>	\$0.30	February 14, 2023	Nil	Nil	Nil	Nil
Remantra Sheopaul	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ryan Webster	250,000	\$0.14	March 11, 2026	Nil	Nil	Nil	Nil

Notes:

- (1) The value of unexercised "in-the-money options" at the financial year-end is the difference between the option exercise price and the market value of the underlying stock on the TSXV on June 30, 2022 (\$0.035).
- (2) Subsequent to year-end, these options expired.

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

The following table sets out for the Named Executive Officers, the value vested during the financial year ended on June 30, 2022, for options awarded under the Stock Option Plan (all option-based awards vest immediately upon date of grant), as well as the value earned under non-equity incentive plans for the same period.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Frank J. Basa	Nil	Nil	Nil
Remantra Sheopaul	Nil	Nil	Nil
Ryan Webster	Nil	Nil	Nil

Notes:

- (1) Value vested during the year is calculated by subtracting the closing market price of the Company's common shares on the date of grant from the exercise price of the option. All options were fully vested on the date of grant.

## Pension Plan Benefits and Deferred Compensation Plans

There are no pension plan benefits or deferred compensation plans in place for the Named Executive Officers.

## Termination of Employment, Change in Responsibilities and Employment Contracts

The Company is not party to any compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive any compensation from the Company in the event of resignation, retirement or any other termination of employment of such persons, change of control of the Company, or a change in the Named Executive Officer's responsibilities following a change of control, except as disclosed below:

## Compensation of Directors

The Company does not pay its directors a fee for their services as such, except as disclosed herein in the form of consulting fees or grants of stock options. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors, and the Company may, from time to time, grant incentive stock options to purchase common shares to its directors.

The following table sets out information in respect of all compensation paid to, or earned by, the directors of the Company during the year ended June 30, 2022, but excludes compensation paid to Frank J. Basa in his capacity as a director of the Company as he is a Named Executive Officer whose compensation is disclosed above.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Dianne Tookenay <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil		
Jacques Monette <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Robert Setter <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Matthew Halliday <sup>(5)</sup>	Nil	Nil	Nil	Nil	Nil		

Notes:

(1) Value vested during the year is calculated by subtracting the market price of the Company's common shares on the date the option vested, from the exercise price of the option.

(2) Dianne Tookenay received compensation as a consultant of the Company pursuant to a consulting agreement dated November 1, 2016.

(3) Jacques Monette passed away on June 3, 2022.

(4) Robert Setter served as a director until July 13, 2022.

(5) Matthew Halliday was elected as a director at the Company's annual general meeting held on July 13, 2022.

### Option-Based and Share-based Awards to Directors

The following table sets out for each director, other than a director who is also a Named Executive Officer, the incentive stock options (option-based awards) and share-based awards, outstanding as at June 30, 2022, the end of the Company's most recently-completed financial year.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Dianne Tookenay	100,000	\$0.05	February 14, 2026	Nil	Nil	Nil	Nil
	100,000	\$0.12	October 4, 2024	Nil	Nil	Nil	Nil
	150,000 <sup>(2)</sup>	\$0.30	February 14, 2023	Nil	Nil	Nil	Nil
Jacques Monette <sup>(3)</sup>	150,000 <sup>(2)</sup>	\$0.30	February 14, 2023	Nil	Nil	Nil	Nil
Robert Setter <sup>(4)</sup>	150,000 <sup>(2)</sup>	\$0.30	February 14, 2023	Nil	Nil	Nil	Nil
	100,000 <sup>(2)</sup>	\$0.12	October 4, 2024	Nil	Nil	Nil	Nil
Matthew Halliday <sup>(5)</sup>	100,000	\$0.05	February 14, 2026	Nil	Nil	Nil	Nil
	100,000	\$0.12	October 4, 2024	Nil	Nil	Nil	Nil

Notes:

- (1) The value of unexercised "in-the-money options" at the financial year-end is the difference between the option exercise price and the market value of the underlying stock on the TSXV on June 30, 2022 (\$0.035).
- (2) Subsequent to year-end, these options expired.
- (3) Jacques Monette passed away on June 3, 2022.
- (4) Robert Setter served as a director until July 13, 2022.
- (5) Matthew Halliday was elected as a director at the Company's annual general meeting held on July 13, 2022.

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

The following table sets out for each director who is not an NEO, the value vested during the financial year ended June 30, 2022, for options awarded under the Stock Option Plan (all option-based awards vest immediately upon date of grant), as well as the value earned under non-equity incentive plans for the same period.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Dianne Tookenay	Nil	Nil	Nil
Jacques F. Monette <sup>(2)</sup>	Nil	Nil	Nil
Robert Setter <sup>(3)</sup>	Nil	Nil	Nil
Matthew Halliday <sup>(4)</sup>	Nil	Nil	Nil

Notes:

(1) Value vested during the year is calculated by subtracting the closing market price of the Company’s common shares on the date of grant from the exercise price of the option. All options were fully vested on the date of grant.

(2) Jacques Monette passed away on June 30, 2022.

(3) Robert Setter served as a director until July 13, 2022.

(4) Matthew Halliday was elected as a director at the Company’s annual general meeting held on July 13, 2022.

### **Management Contracts**

The management functions of the Company are substantially performed by the directors and officers of the Company, and not to any substantial degree by any other person with whom the Company has contracted. See “*Termination of Employment, Change in Responsibilities and Employment Contracts*” above for details of management/consulting contracts with executive officers of the Company.

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

### **Equity Compensation Plan Information**

The only equity compensation plan which the Company has in place is the Stock Option Plan, which was previously approved by the shareholders of the Company on July 13, 2022. The Stock Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and, thereby, encourage their continuing association with the Company. The Stock Option Plan is administered by the directors of the Company. The Stock Option Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Stock Option Plan provides that the number of common shares issuable under the Stock Option Plan, together with all of the Company’s other previously-established or proposed share compensation agreements, may not exceed 10% of the total number of issued and outstanding common shares at the date of grant. All current options expire on a date not later than ten years after the issuance of such option.

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance in effect as June 30, 2022, the end of the Company’s most recently-completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (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	3,725,000	\$0.20	11,329,285 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	3,725,000	\$0.20	11,329,285 <sup>(1)</sup>

Notes:  
(1) Calculated based on 10% of the issued and outstanding share capital as at June 30, 2022, of 150,542,848 (15,054,285) less the number of options outstanding of 3,725,000. The stock options are governed by the Stock Option Plan.

## CORPORATE GOVERNANCE DISCLOSURE

### General

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company.

National Policy 58-201 - *Corporate Governance Guidelines* (“NP 58-201”) establishes corporate governance guidelines which apply to all public companies in Canada. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. In accordance with National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Company annually discloses information relating to its system of corporate governance, which disclosure is set out below.

### Structure and Composition

NP 58-201 provides guidance that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 *Audit Committees* (“NI 52-110”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of a company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment. In addition, Section 5.7 of Policy 3.1 *Directors, Officers, Other Insiders & Personnel and Corporate Governance* of the TSXV requires that each listed company must have at least two independent directors, as that term is defined in NI 52-110.

During the financial year ended June 30, 2022, the Board was composed of four directors, namely: Frank J. Basa, Jacques F. Monette, Robert Setter and Dianne Tookenay. Jacques F. Monette, Robert Setter and Dianne Tookenay were deemed to be independent. Frank J. Basa, as President and Chief Executive Officer of the Company, is not independent by virtue of being an officer of the Company and receiving management and consulting fees of more than \$75,000. Subsequent to the unfortunate passing of Jacques Monette on June 3, 2022, Matthew Halliday was elected as a director of the Company at the annual general meeting held on July 13, 2022 and Robert Setter ceased to be a director at that time. Matthew Halliday is considered to be an independent member of the Board.



The Board is specifically responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for all material contracts, business transactions and all debt and equity financing proposals. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. In keeping with its overall responsibility for the stewardship of the Company, the Board is responsible for the integrity of the Company's internal control and management information systems and for the Company's policies respecting corporate disclosure and communications.

The Board delegates to management, through the Chief Executive Officer and Chief Financial Officer, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

### **Directorships**

As of the date of this Information Circular, certain directors of the Company are also directors and/or officers of other reporting issuers (or equivalent) in a Canadian jurisdiction or a foreign jurisdiction as follows:

Name of Director	Names of Other Reporting Issuers of which the Director is a Director or Officer
Frank J. Basa	Canada Silver Cobalt Works Inc.
Matthew Halliday	Canada Silver Cobalt Works Inc.
Dianne Tookenay	Canada Silver Cobalt Works Inc.

### **Orientation and Continuing Education**

The Company does not currently have any formal orientation for new directors and this is considered to be appropriate, given the Company's size and current level of operations. Orientation and education of new directors is carried out through an informal process. New directors are briefed on strategic plans, short, medium and long-term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies and are provided with access to recent, publicly-filed documents of the Company, technical reports and internal financial information. The Company also provides technical presentations and/or information to new directors where necessary to ensure that they possess or have access to the technical skills and knowledge necessary for them to meet their obligation as directors.

In addition, the skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The individuals comprising the Board possess varying backgrounds and, collectively, have extensive experience in running and managing public companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "*Election of Directors*" for a description of the current principal occupations of the members of the Board.

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. On February 16, 2007, the Company adopted a formal Code of Conduct, a copy of which may be viewed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company also adopted an Insider Trading Policy on August 18, 2006, a copy of which a copy of which may be viewed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board itself must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia) as well as the relevant securities regulatory instruments and stock exchange policies, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

### **Mandate of the Board**

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees (see "*Other Board Committees*" below). In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies and its annual business plan; reviewing and approving the annual corporate budget and forecast; reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholder' equity interests through the optimum utilization of the Company's capital resources. Board consideration and approval is also required for all material contracts, business transactions and all debt and equity financing proposals. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the Company's development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate and securities legislation and regulatory policies. However, as the Company grows, the Board will move to develop a formal written mandate.

The Board is not, however, involved in the day-to-day operations of the Company. Such operations are delegated to the Company's management, more specifically the President/Chief Executive Officer and Chief Financial Officer. In particular, the Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

Each member of the Board understands that he or she is entitled to seek the advice of an independent expert if the member reasonably considers it warranted under the circumstances.

### **Nomination of Directors**

Given its current size and stage of development, the Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole. Nominees are generally the result of recruitment efforts by Board members, including both formal and informal discussions among Board members and the President/Chief Executive Officer, and the Board considers the advice and input from all directors regarding, *inter alia*, the appropriate size of Board, the necessary qualifications and skills of the Board as a whole and of each director individually, and the recommendation of new individuals willing to serve as directors who offer experience and expertise in an area of strategic interest to the Company as well as the ability to devote the time required.

### **Compensation**

The Company does not have a Compensation Committee.

Given its relatively small size, the entire Board currently performs the functions of a Compensation Committee of the Board with the responsibility for reviewing the adequacy and form of compensation of executive officers and directors having regard to, among other things, the responsibilities and risks associated with each executive officer's and director's position, the Company's overall performance and shareholder returns.

### **Meeting Attendance**

As Board members reside in different geographic locations, a director is considered in attendance whether he or she attends by conference call or in person. Non-independent directors may be asked to attend committee meetings in order to benefit from presentations or discussions.

The majority of the Board's decisions during the year were adopted by way of written consent resolutions following informal discussions among the directors and management.

### **Other Board Committees**

The current operations of the Company do not support a large board of directors and the Board has determined that the current composition of the Board is appropriate for the Company's current stage of development. Given its size, the entire Board takes responsibility for the overall stewardship of the Company and, accordingly, other than the Audit Committee, the Company does not have any other Board committees.

### **Assessments**

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual director, but will consider implementing one in the future should circumstances warrant. Based on the Company's current size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness and the effectiveness and contribution of its committees or individuals directors on an *ad hoc* basis.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

NI 52-110 requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee (the "**Audit Committee**") and its relationship with its independent auditor, as set out below:

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

The Committee shall be comprised of three directors as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee who are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

During the financial year ended June 30, 2022, the Audit Committee consisted of Frank J. Basa, Dianne Tookenay and Robert Setter, with Frank J. Basa serving as Chair. Subsequent to year end, Robert Setter ceased to be a director of the Company on July 13, 2022 and Matthew Halliday was elected to the Board and appointed to the Audit

Committee at that time. Frank J. Basa is not deemed to be “independent”, as defined in NI 52-110, as he is also an officer of the Company. Matthew Halliday and Dianne Tookenay are deemed to be independent. All members of the Audit Committee are “financially literate” as that term is defined in NI 52-110.

### **Audit Committee Charter**

The Company adopted a charter of the Audit Committee (the “**Charter**”) on November 29, 2007, a copy of which may be viewed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Upon request, a copy of the Charter will promptly be provided free of charge to shareholders of the Company.

### *Mandate*

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditor.
- Provide an open avenue of communication among the Company’s auditor, financial and senior management and the Board.

### *Meetings*

The Audit Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditor in separate sessions.

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Audit Committee shall:

#### Documents/Reports Review

- (a) Review and update its Charter annually.
- (b) Review the Company’s financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditor.

#### External Auditors

- (a) Review annually, the performance of the external auditor who shall be ultimately accountable to the Board and the Audit Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditor setting forth all relationships between the external auditor and the Company.

- (c) Review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor.
- (d) Take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditor.
- (e) Recommend to the Board the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditor the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditor during the financial year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Audit Committee.

Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

#### Financial Reporting Processes

- (a) In consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments.

- (e) Following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement between management and the external auditor in connection with the preparation of the financial statements.
- (g) Review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### Other

Review any related-party transactions.

#### **Relevant Education and Experience**

*Frank J. Basa, President, CEO and Director*

Mr. Basa has more than 34 years global experience in gold mining and development as a professional hydrometallurgical engineer with a focus in milling, gravity concentration, flotation, leaching and refining of precious and base metals. He graduated from McGill University in Montreal, Québec with a B.A. in Engineering in 1983 and has been a member of the Professional Engineers of Ontario since 1987. He is President of Grupo Moje Limited and Mineral Recovery Management Services Corp. and, since March 10, 2011, a director, President and Chief Executive Officer of Canada Silver Cobalt Works Inc., a company listed on the TSXV.

*Matthew Halliday, Director*

Mr. Halliday graduated in 2007 from Dalhousie University, Halifax, Nova Scotia where he majored in Earth Sciences. He then spent the next 13 years in exploration and as a resource geologist with Kirkland Lake Gold, First Cobalt and SGS Geostat. Mr. Halliday is the Vice President of Exploration (since 2019), Director (since 2020) and currently the President and Chief Operating Officer (since 2020) of Canada Silver Cobalt Works Inc. For more than a dozen years Mr. Halliday has focused on resource reporting and modelling while also gaining abundant experience with advanced field exploration including major drill programs in Ontario, Quebec, Newfoundland-Labrador, Nunavut and Alaska. With SGS he also enjoyed success in a business development capacity.

*Dianne Tookenay, Director*

Ms. Tookenay has been a director of Canada Silver Cobalt Works Inc. since June 15, 2015. Ms. Tookenay holds a Certificate in Mining Law from Osgoode Hall Law School, York University, Toronto, Ontario, a Joint Masters of Public Administration from the University of Manitoba, Winnipeg, Manitoba, a Bachelor of Administration from Lakehead University, Thunder Bay, Ontario and Native Band Management and Indian Economic Development Diplomas from Confederation College Applied Arts and Technology, Thunder Bay, Ontario. Ms. Tookenay's experience, knowledge and deep roots within the First Nation communities are expected to add significant value to the Company's development efforts over the coming years.

## Audit Committee Oversight

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

## Pre-Approval Policies and Procedures

All services to be performed by the Company's independent auditor must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provision 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 the pre-approval by the Audit Committee of all audit and non-audit services provided by the external auditor, other than any *de minimus* non-audit services allowed by applicable law or regulation.

## Exemption

As a "venture issuer" as defined in NI 52-110, the Audit Committee relies on the exemption set out in section 6.1 of NI 52-110 with respect to Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audit services provided by McGovern Hurley LLP, Chartered Professional Accountants, to the Company to ensure auditor independence. Fees incurred for audit and non-audit services in the last two financial years are outlined in the following table:

Nature of Services	Fees Paid to the Auditor in the Year Ended	
	June 30, 2022	June 30, 2021
Audit Fees <sup>(1)</sup>	\$55,796	\$48,000
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	\$9,095	\$9,400
All Other Fees <sup>(4)</sup>	Nil	Nil

### Notes:

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

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

To the knowledge of management of the Company, no informed person 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 year ended June 30, 2022, or has any interest in any material transaction in the current year other than as set out herein or disclosed below:

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

No director, executive officer, employee or former director, executive officer or employee of the Company was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company. None of the proposed nominees for election as a director of the Company, or any associate or affiliate of any director, executive officer or proposed nominee, was indebted to the Company as at the date hereof or at any time during the most recently completed financial year.

The Company has not provided any guarantees, support agreements, letters of credit or other similar arrangement or understanding for any indebtedness of any of the Company's directors, executive officers, proposed nominees for election as a director, or associates or affiliates of any of the foregoing individuals as at the date hereof or at any time during the most recently completed financial year of the Company.

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

The Articles of the Company provide that at least one person present in person or by proxy, being a shareholder entitled to vote thereat or a duly-appointed proxy holder or representative for a shareholder so entitled, constitutes a quorum for the Meeting in respect of holders of the common shares of the Company. If such a quorum is not present in person or by proxy, the Company will reschedule the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each share registered in his name on the list of shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc. and will be available at the Meeting.

In order to approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an "**ordinary resolution**") unless the motion requires a special resolution in which case a majority of 66 <sup>2</sup>/<sub>3</sub>% of the votes cast will be required (a "**special resolution**").

#### **Recommendation of the Board**

The Board unanimously recommends that shareholders vote in favour of all resolutions at the meeting.

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

#### **Matters to be Considered at the Meeting**

The matters to be considered at the Meeting are: the financial statements of the Company for the year ended June 30, 2022; setting the number of directors to be elected at the Meeting; the election of directors; the appointment of the auditor; ratification and approval of the Stock Option Plan; and two special resolutions to create Class A Redeemable Preferred Shares and Class B Redeemable Preferred Shares and a related amendment to the terms and conditions of the Company's common shares.

#### **Presentation of Financial Statements**

At the Meeting, the Chair will present to shareholders the financial statements of the Company for the year ended June 30, 2022 and the auditor's report thereon.



## Setting Number of Directors

The Board currently consists of three directors. The term of office of each of the three directors expires at the Meeting. Shareholders will be asked at the Meeting to approve an ordinary resolution to the effect that the number of directors to be elected at the Meeting be set at three for the ensuing year, subject to such increase as may be permitted by the articles of the Company and the provisions of the *Business Corporations Act* (British Columbia).

**The Board recommends that shareholders vote FOR the resolution setting the number of directors of the Company at three. Unless a shareholder has specifically instructed in the form of proxy or VIF that the common shares represented by such proxy or VIF be voted against the resolution, the persons named in the proxy or VIF will vote FOR the resolution setting the number of directors of the Company at three.**

In order to be adopted, the foregoing resolution must be approved by a majority of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting.

## Election of Directors

The term of office of each of the current directors expires at the Meeting. The Board proposes to nominate the three persons named in the table below for election as directors of the Company; each is currently a director of the Company. Each director elected will hold office until the next annual general meeting of the Company or until his or her successor is duly elected or appointed, unless the office is earlier vacated in accordance with the Articles of the Company or the *Business Corporations Act* (British Columbia) or he or she becomes disqualified to act as a director.

On January 6, 2014, the Board adopted an advance notice policy (the “**Advance Notice Policy**”), a copy of which may be viewed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Advance Notice Policy provides shareholders, directors and management of the Company with a clear framework for nominating directors. The Advance Notice Policy fixes a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets out the information that a shareholder must include in the notice to the Company in order for the notice to be in proper written form and in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

The table below sets out for each management nominee for election as director: (i) the nominee’s name, (ii) the province or state and country in which the nominee resides, (iii) all offices of the Company now held, including committees on which the nominee serves, (iv) their principal occupations, businesses or employments, (v) the period of time during which each has been a director of the Company, and (vi) the number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed, as of the date of this Information Circular.

Name, Province or State and Country of Residence, and Current Position with the Company	Occupation, Business or Employment <sup>(1)</sup>	Director of the Company Since	Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised <sup>(1)(2)</sup>
Frank J. Basa <sup>(3)</sup> Ontario, Canada President, Chief Executive Officer and Director	President, Chairman & CEO since 2004; Acting CFO from October 2008 to July 2009; Chief Executive Officer and Director, Canada Silver Cobalt Works Inc. from September 2015; President, Grupo Moje Ltd. and Mineral Recovery Management Services Corp.	June 10, 2004	3,309,211 <sup>(4)</sup>
Matthew Halliday <sup>(3)</sup> Ontario, Canada Director	President, COO and Director of Canada Silver Cobalt Works Inc. and Businessman.	July 13, 2022	Nil
Dianne Tookenay <sup>(3)</sup> Ontario, Canada Director	Director, Canada Silver Cobalt Works Inc. since June 15, 2015; Mineral Development Advisor, Wabun Tribal Council, September 2012 to May 2014; Impact Benefit Agreement Coordinator, Matachewan First Nation, June 2011 to October 2011; Consultation and Accommodation Coordinator, Gull Bay First Nation, September 2010 to October 2010.	April 28, 2017	Nil
Notes:			
(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. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years unless otherwise indicated.			
(2) The number of common shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by insider reports filed on SEDI and by the nominees themselves.			
(3) Member of the Company's Audit Committee, of which Frank J. Basa is the Chair.			
(4) Of these shares, 554,125 are held directly, 543,687 are held indirectly by Grupo Moje Limited, a private company controlled by Frank J. Basa, and 1,511,399 are held indirectly by Mineral Recovery Management Systems Corp., a private company controlled by Frank J. Basa and his spouse Elaine Basa.			

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 or company, except the directors and executive officers of the Company acting solely in such capacity.

#### *Corporate Cease Trade Orders and Bankruptcies*

Other than as set out below, no proposed director (including any personal holding company of a proposed director):

- (a) is, as at the date of this Information Circular, or has been, within the preceding ten years, a director, chief executive officer or chief financial officer of any company (including the Company) that,
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, 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, as at the date of this Information Circular, or has been, within the preceding ten years, 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 ten 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.
- (d) has been subject to:
  - (i) 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
  - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Frank J. Basa, Matthew Halliday and Dianne Tookenay are directors of Canada Silver Cobalt Works Inc., a company listed on the TSXV; Frank J. Basa is its Chairman and CEO and Matthew Halliday is its President and Chief Operating Officer. On May 3, 2023, Canada Silver Cobalt Works Inc. announced that it had obtained a management cease-trade order (“MCTO”) from the British Columbia Securities Commission, its principal regulator, under National Policy 12-203 *Management Cease Trade Orders* with respect to its audited financial statements and management’s discussion and analysis for the financial year ended December 31, 2022 (collectively, the “Annual Documents”). The MCTO prohibits the Chief Executive Officer (Frank J. Basa) and Chief Financial Officer of Canada Silver Cobalt Works Inc. from trading in its securities until the Annual Documents are filed and the British Columbia Securities Commission revokes the MCTO. The issuance of the MCTO does not affect the ability of persons other than the CEO and CFO to trade in the securities of Canada Silver Cobalt Works Inc. Canada Silver Cobalt Works Inc. announced that it did not file the Annual Documents by the prescribed legal deadline of May 1, 2023 due to the fact that it had to make the necessary arrangements with its auditor to complete the audit of its annual financial statements. On May 16, 2023 and May 30, 2023, Canada Silver Cobalt Works Inc. filed bi-weekly status reports on the MCTO in which it announced that it is working diligently with its auditor to complete the annual financial statements, with the goal of filing the Annual Documents on or before June 5, 2023.

**The Board recommends that shareholders vote FOR the election of Frank J. Basa, Matthew Halliday and Dianne Tookenay as directors of the Company. Unless a shareholder has specifically instructed in the form of proxy or VIF that the common shares represented by such proxy or VIF are to be withheld from voting, the persons named in the proxy or VIF will vote FOR the election of the three above-named nominees as directors of the Company.**

In order to be adopted, the resolution to elect the three nominees must be approved by a majority of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting.

Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management may be voted for a substitute nominee unless the shareholder has specified in the proxy that the common shares are to be withheld from voting in respect of the election of directors.

#### **Appointment of Auditor**

McGovern Hurley LLP, Chartered Professional Accountants, 251 Consumer’s Road, Suite 800, Toronto, Ontario M2J 4R3, were initially appointed auditor of the Company on February 15, 2013. Management proposes that McGovern Hurley LLP, Chartered Professional Accountants, be re-appointed auditor of the Company for the ensuing year, until the close of the next annual general meeting of the shareholders, at a remuneration to be fixed by the directors.

**The Board recommends that shareholders vote FOR the resolution re-appointing McGovern Hurley LLP, Chartered Professional Accountants, as auditor of the Company. Unless a shareholder has specifically instructed in the form of proxy or VIF that the common shares represented by such proxy or VIF are to be withheld from voting, the persons named in the proxy or VIF will vote FOR the resolution to re-appoint McGovern Hurley LLP, Chartered Professional Accountants, as auditor of the Company.**

In order to be adopted, the foregoing resolution must be approved by a majority of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting.

### **Ratification and Approval of the Stock Option Plan**

The Company currently has in place the Stock Option Plan, which is a 10% “rolling” stock option plan. The Stock Option Plan was approved by shareholders at the Company’s annual general meeting held on July 13, 2022. As at the date of this Information Circular, the Company is eligible to grant up to 15,054,285 options under the Stock Option Plan of which 2,850,000 options are outstanding.

The TSXV requires listed companies that have “rolling” stock option plans in place to receive shareholder approval for such plans on a yearly basis at the listed company’s annual meeting. Accordingly, at the Meeting, shareholders will be asked to ratify and confirm the Stock Option Plan.

The following is a summary of the principal terms of the Stock Option Plan.

The Stock Option Plan provides for the issuance of stock options to acquire at any time up to a maximum of 10% of the issued and outstanding common shares of the Company (subject to standard anti-dilution adjustments). If a stock option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares reserved for issuance under that expired or terminated stock option will again be available for the purposes of the Stock Option Plan.

The Stock Option Plan provides that stock options may be granted to directors, senior officers, employees and consultants of the Company (and any subsidiary of the Company) and management company employees. For the purposes of the Stock Option Plan, the terms “employees”, “consultants” and “management company employees” have the respective meanings set out in TSXV Policy 4.4. Under the Stock Option Plan, the Company’s Board may, from time to time, designate a committee such as a Compensation Committee, for the purposes of administering the Stock Option Plan.

Should the expiry date for an option fall within a Blackout Period of the Company (as such time period may be determined by the Board where one or more Optionee may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company), or within ten business days following the expiration of a Blackout Period, such expiry date shall, subject to approval of the TSXV, be automatically extended without any further act or formality to that day which is the tenth business day after the end of the Blackout Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Stock Option Plan.

The Stock Option Plan provides that it is solely within the discretion of the Board to determine who should receive stock options and in what amounts, subject to the following conditions:

1. options will be non-assignable and non-transferable except that they will be exercisable by the personal representative of the option holder in the event of the option holder’s death;
2. options may be exercisable for a maximum of ten years from the date of grant (subject to extension where the expiry date falls within a “Blackout Period”, as disclosed above);
3. the aggregate number of options granted to any one option holder (including companies wholly owned by that option holder) in a 12-month period must not exceed 5% of the issued shares of the Company, calculated on the date an option is granted to the option holder;

4. the aggregate number of options granted to any one consultant in a 12-month period must not exceed 2% of the issued shares of the Company, calculated at the date an option is granted to the consultant;
5. the aggregate number of options granted to all option holders retained to provide Investor Relations Activities (as defined in TSXV Policy 4.4) must not exceed 2% of the issued shares of the Company in any 12-month period, calculated at the date an option is granted to any such option holder and must vest over a period of not less than one year as to 25% every three months;
6. at no time will options be issued which could permit at any time the aggregate number of shares reserved for issuance under stock options granted to insiders (as a group) at any point in time exceeding 10% of the issued shares;
7. at no time will options be issued which could permit at any time the grant to insiders (as a group), within a 12-month period, of an aggregate number of options exceeding 10% of the issued shares calculated at the date an option is granted to any insider;
8. options held by an option holder who is a director, employee, consultant or management company employee will expire 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 option holder ceases to be a director, employee, consultant or management company employee, which time period the Company determines is reasonable;
9. in the event of an option holder's death, the option holder's personal representative may exercise any portion of the option holder's vested outstanding options for a period of one year following the option holder's death;
10. options cannot be granted to directors, employees, consultants or management company employees that are not bona fide directors, employees, consultants or management company employees, as the case may be; and
11. options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

The Company will be required to obtain Disinterested Shareholder Approval if (i) the aggregate number of common shares reserved for issuance under Options granted to Insiders (as a group) exceeds 10% of the issued shares of the Company, (ii) the grant to Insiders (as a group), within a 12-month period, of an aggregate number of Options exceeds 10% of the issued shares of the Company, calculated at the date an Option is granted to any Insider, (iii) the aggregate number of Options granted to any one Optionee (including companies wholly owned by that Optionee), within a 12-month period, exceeds 5% of the issued shares of the Company, calculated on the date an Option is granted to the Optionee, or (iv) any reduction in the Exercise Price of an Option if the Optionee is an Insider of the Company at the time of the proposed amendment. "Disinterested Shareholder Approval" means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to common shares beneficially owned by Insiders or their Associates.

The Stock Option Plan provides that other terms and conditions may be attached to a particular stock option, such terms and conditions to be referred to in a schedule attached to the option certificate. Stock options granted to directors, senior officers, employees or consultants vest when granted unless otherwise determined by the Board, on a case-by-case basis. Stock options granted to consultants or employees performing Investor Relations Activities, as such term is defined by the TSXV, will vest in stages over twelve months with no more than one-quarter of the Options vesting in any three-month period.

In addition, under the Stock Option Plan a stock option will expire immediately in the event an Optionee is 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.

The price at which an Optionee may purchase a common share upon the exercise of an Option will be as set out in the option certificate issued in respect of such Option and in any event will not be less than the discounted market price

of the Company's common shares as of the date of the grant of the stock option (the "Award Date"). The market price of the Company's common shares for a particular Award Date will typically be the closing trading price of the Company's common shares on the day immediately preceding the Award Date, or otherwise in accordance with the terms of the Amended Stock Option Plan. Discounted market price means the market price less a discount of up to 25% if the market price is \$0.50 or less; up to 20% if the market price is between \$2.00 and \$0.51; and up to 15% if the market price is greater than \$2.00. Where the exercise price of the Option is based on a discounted market price, a four month hold period will apply to all common shares issued under each Option, commencing from the Award Date. A four month hold period will also apply to all common shares issued under any Option granted to a director, officer or Insider (as such term is defined by the TSX-V) of the Company, regardless of whether the Option was granted at market or discounted market price.

In no case will a stock option be exercisable at a price less than the minimum prescribed by the organized trading facility or the applicable regulatory authorities that would apply to the award of the stock option in question.

### *Shareholder Approval*

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

#### **BE IT RESOLVED, THAT:**

- (a) the Company's Stock Option Plan, as described in the Company's Information Circular dated June 5, 2023, be and is hereby ratified and confirmed, and that in connection therewith a maximum of 10% of the issued and outstanding common shares at the time of each grant be and are hereby approved for granting as options; and
- (b) the Board of Directors be and is hereby authorized, without further shareholder approval, to make such changes to the Stock Option Plan as may be required or approved by regulatory authorities.

**The Board recommends that shareholders vote FOR the resolution ratifying and confirming the Stock Option Plan. Unless a shareholder has specifically instructed in the form of proxy or VIF that the common shares represented by such proxy or VIF are to be voted against the resolution, the persons named in the proxy or VIF will vote FOR the resolution ratifying and confirming the Stock Option Plan.**

In order to be adopted, the foregoing resolution must be approved by a majority of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting.

### **Capital Alteration - Overview**

At present, the articles and notice of articles of the Company provide that the Company is authorized to issue an unlimited number of common shares. At the Meeting, shareholders will be asked to approve two special resolutions to amend the Company's articles and notice of articles (the "Capital Alteration") to authorize (i) the issuance of an unlimited number of Class A Redeemable Preferred Shares of the Company; and (ii) the issuance of an unlimited number of Class B Redeemable Preferred Shares of the Company, and a related amendment to the terms of the common shares of the Company making them convertible into Class B Redeemable Preferred Shares at the option of the holder during a period of 30 days prior to the redemption date of the Class B Redeemable Preferred Shares.

The Company intends to issue Class A Redeemable Preferred Shares by way of private placement at an estimated price of USD \$31.10 per share and thereby raise up to USD \$25 million. The Company intends to use the proceeds from the private placement to accelerate the processing of gold at the Company's Granada Gold Property in order to process a fixed amount of gold-bearing material, being 75,000 ounces over 36 months, and for working capital. The Company believes that it can accelerate the processing of gold at the Granada Gold Property in this manner without undue dilution to the holders of the Company's common shares.

The Class A Redeemable Preferred Shares will be redeemable 36 months from the closing date of the private placement, subject to the right of the Company to advance the redemption date in its discretion. In order to advance

the redemption date, the Company must issue a news release announcing a new redemption date not less than 30 days prior to such new redemption date.

Holder of the Class A Redeemable Preferred Shares will have an option to redeem their shares for a gold credit if the Company produces at least 25,000 ounces of gold from the Granada Gold Property within 36 months from the closing date of the private placement. For that purpose, each Class A Redeemable Preferred Share will be deemed to represent one gram of gold. Holders of Class A Redeemable Preferred Shares who have not elected to redeem their shares in the form of a gold credit will have their Class A Redeemable Preferred Shares automatically redeemed by the Company for cash, based on the New York spot price for one gram of gold multiplied by the aggregate number of grams represented by the Class A Redeemable Preferred Shares held at that time. For that purpose as well, each Class A Redeemable Preferred Share will be deemed to represent one gram of gold. As security for the cash payment of the redemption amount, the Company intends to grant a hypothec (mortgage) or security interest in the Granada Gold Property in favour of the holders of Class A Redeemable Preferred Shares.

At the Meeting, shareholders will also be asked to approve the creation of Class B Redeemable Preferred Shares and to amend the terms and conditions of the Company's common shares, so that each common share will be convertible at the option of its holder into Class B Redeemable Preferred Shares during a period of 30 days prior to the redemption date of the Class B Redeemable Preferred Shares. In that regard, the holders of common shares will be entitled, at the holder's option, to receive validly issued, fully paid and non-assessable Class B Redeemable Preferred Shares in exchange for such holder's common shares at the following conversion ratio: one Class B Redeemable Preferred Share for the number of common shares that results from dividing the cost of production of one gram of gold at the Granada Gold Property, as determined by the Company, on the effective date of the Capital Alteration (currently estimated to be USD \$31.10) by the volume weighted average trading price of the common shares on the principal stock exchange on which the common shares are then listed for the five business days ending on the business day immediately prior to delivery of a conversion notice by the shareholder, converted into U.S. dollars at the most-recent Bank of Canada exchange rate as determined by the Company. The Class B Redeemable Preferred Shares will be redeemable in the same manner as the Class A Redeemable Preferred Shares, as set out above, subject to the condition that no Class B Redeemable Preferred Share may be redeemed until all Class A Redeemable Preferred Shares have been redeemed.

The full text of the proposed amendments to the Company's articles to effect the Capital Alteration is annexed hereto as Schedule A.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, pass the two special resolutions approving the proposed Capital Alteration set out below, which, to be adopted, must each be approved by not less than 66<sup>2/3</sup>% of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting. **The Board recommends that shareholders vote FOR the two special resolutions in order to effect the Capital Alteration.**

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Class A Redeemable Preferred Shares, Class B Redeemable Preferred Shares and common shares of the Company and is qualified in its entirety by reference to the full text of the special rights and restrictions annexed as Schedule A to this Information Circular.

### **Class A Redeemable Preferred Shares**

The Board has proposed the creation and establishment of a series of preferred shares of the Company designated as "Class A Redeemable Preferred Shares". The Class A Redeemable Preferred Shares will have special rights and restrictions attached which provide, among other things, that they: (i) are non-voting; (ii) are redeemable at the date that is 36 months following their date of issuance (the "**Redemption Date**") for cash or, subject to the Gold Production Condition (as defined in Schedule A) being satisfied, for a gold credit; and (iii) will entitle the holder to dividends as and when declared by the Board at a rate to be fixed by the Board, in its sole discretion. The Company will have the right to advance the Redemption Date in its discretion by issuing a news release announcing a new Redemption Date not less than 30 days prior to such new Redemption Date.

If the Company satisfies the Gold Production Condition, which is defined as the condition that the Company produce, in aggregate, at least 25,000 ounces of gold from the Granada Gold Property prior to the Redemption Date, as

determined by the Company in its sole discretion, it will send a notice to that effect to the holders of Class A Redeemable Preferred Shares. The holders of Class A Redeemable Preferred Shares will then be entitled to redeem their Class A Redeemable Preferred Shares for a gold credit to the Class A Redeemable Preferred shareholder's Metal Account (as defined in Schedule A) by notifying the Company in writing not more than ten Business Days after the Redemption Date of their election for such gold credit redemption and presenting and surrendering, at the registered office of the Company, the certificate(s) for the Class A Redeemable Preferred Shares so redeemed. For that purpose, each Class A Redeemable Preferred Share will be deemed to represent one gram of gold.

Holders of Class A Redeemable Preferred Shares who have not elected to redeem their shares in the form of a gold credit will have their Class A Redeemable Preferred Shares automatically redeemed by the Company for cash eleven Business Days after the Redemption Date, based on the New York spot price for one gram of gold multiplied by the aggregate number of grams represented by the Class A Redeemable Preferred Shares held at that time. For that purpose as well, each Class A Redeemable Preferred Share will be deemed to represent one gram of gold. As security for the cash payment of the redemption amount, the Company intends to grant a hypothec (mortgage) or security interest in the Granada Gold Property in favour of the holders of Class A Redeemable Preferred Shares.

The full text of the rights, privileges and restrictions which attach to the Class A Redeemable Preferred Shares is annexed hereto as Schedule A.

#### *Shareholder Approval*

Shareholders will be asked at the Meeting to approve, with or without variation, the following special resolution authorizing the Company to create and establish Class A Redeemable Preferred Shares (the "**Class A Redeemable Preferred Share Resolution**").

#### **BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

- (a) the creation of a series of preferred shares of the Company designated as "Class A Redeemable Preferred Shares", the rights, restrictions and privileges of which are set out in Schedule A to the management information circular of the Company dated June 5, 2023, be and is hereby approved; and
- (b) any officer or director of the Company is hereby authorized to execute and deliver all documents, agreements, certificates and instruments and take any and all such further action as such officer or director, in his or her sole discretion, deems necessary or desirable in order to give effect to the foregoing, such determination to be conclusively evidenced by the execution and delivery of such document, agreement, certificate or other instrument or the taking of any such further action.

**The Board recommends that shareholders vote FOR the Class A Redeemable Preferred Share Resolution. Unless a shareholder has specifically instructed in the form of proxy or VIF that the common shares represented by such proxy or VIF are to be voted against the Class A Redeemable Preferred Share Resolution, the persons named in the proxy or VIF will vote FOR the Class A Redeemable Preferred Share Resolution.**

In order to be adopted, the Class A Redeemable Preferred Share Resolution must be approved by not less than 66<sup>2/3</sup>% of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting.

#### **Class B Redeemable Preferred Shares and Amendment to Common Shares**

Subject to approval of the Class A Redeemable Preferred Share Resolution, the Board has proposed the creation and establishment of a series of preferred shares of the Company designated as "Class B Redeemable Preferred Shares" and to amend the terms and conditions of the Company's common shares, so that each common share will be convertible at the option of its holder into Class B Redeemable Preferred Shares during a period of 30 days prior to the redemption date of the Class B Redeemable Preferred Shares. The Class B Redeemable Preferred Shares will have special rights and restrictions attached which provide, among other things, that they: (i) are non-voting; (ii) are redeemable at the Redemption Date, for cash or, subject to the Gold Production Condition (as defined in Schedule A) being satisfied, for a gold credit; and (iii) will entitle the holder to dividends as and when declared by the Board at a



rate to be fixed by the Board, in its sole discretion. However, no Class B Redeemable Preferred Share may be redeemed unless and until all Class A Redeemable Preferred Shares have been redeemed.

As regards conversion of common shares into Class B Redeemable Preferred Shares during a period of 30 days prior to the redemption date of the Class B Redeemable Preferred Shares, holders of common shares will be entitled, at the holder's option, to receive validly issued, fully paid and non-assessable Class B Redeemable Preferred Shares in exchange for such holder's common shares at the following conversion ratio: one Class B Redeemable Preferred Share for the number of common shares that results from dividing the cost of production of one gram of gold at the Granada Gold Property, as determined by the Company, on the effective date of the Capital Alteration (currently estimated to be USD \$31.10) by the volume weighted average trading price of the common shares on the principal stock exchange on which the common shares are then listed for the five business days ending on the business day immediately prior to delivery of a conversion notice by the shareholder, converted into U.S. dollars at the most-recent Bank of Canada exchange rate as determined by the Company. No fractional Class B Redeemable Preferred Shares will be issued upon the conversion of common shares. If the conversion would result in the issuance of a fraction of a Class B Redeemable Preferred Share, the Company will round such fraction of a Class B Redeemable Preferred Share down to the nearest whole Class B Redeemable Preferred Share without payment of any cash amount in lieu of such fractional Class B Redeemable Preferred Share.

If the Company satisfies the Gold Production Condition, it will send a notice to that effect to the holders of Class B Redeemable Preferred Shares. Subject to the redemption rights of holders of Class A Redeemable Preferred Shares, holders of Class B Redeemable Preferred Shares will then be entitled to redeem their Class B Redeemable Preferred Shares for a gold credit to the Class B Redeemable Preferred shareholder's Metal Account (as defined in Schedule A) by notifying the Company in writing not more than ten Business Days after the Redemption Date of their election for such gold credit redemption and presenting and surrendering, at the registered office of the Company, the certificate(s) for the Class B Redeemable Preferred Shares so redeemed. For that purpose, each Class B Redeemable Preferred Share will be deemed to represent one gram of gold.

Holders of Class B Redeemable Preferred Shares who have not elected to redeem their shares in the form of a gold credit will have their Class B Redeemable Preferred Shares automatically redeemed by the Company for cash eleven Business Days after the Redemption Date, based on the New York spot price for one gram of gold multiplied by the aggregate number of grams represented by the Class B Redeemable Preferred Shares held at that time. For that purpose as well, each Class B Redeemable Preferred Share will be deemed to represent one gram of gold. As security for the cash payment of the redemption amount, the Company intends to grant a hypothec (mortgage) or security interest in the Granada Gold Property in favour of the holders of Class B Redeemable Preferred Shares, which hypothec (mortgage) or security interest will rank behind that to be granted in favour of the holders of Class A Redeemable Preferred Shares.

**No Class B Redeemable Preferred Shares may be redeemed, whether in the form of a gold credit or for cash, unless and until all Class A Redeemable Preferred Shares have been redeemed and paid for in full.**

The full text of the rights, privileges and restrictions which attach to the Class B Redeemable Preferred Shares is annexed hereto as Schedule A.

Shareholders will be asked at the Meeting to approve, with or without variation, the following special resolution authorizing the Company to create and establish Class B Redeemable Preferred Shares and to amend the terms and conditions of the common shares of the Company so that they will be convertible into Class B Redeemable Preferred Shares at the option of the holder during a period of 30 days prior to the redemption date of the Class B Redeemable Preferred Shares (the "**Class B Redeemable Preferred Share Resolution**"). However, if the Class A Redeemable Preferred Share Resolutions is not adopted at the Meeting, the Company will not proceed with the Class B Redeemable Preferred Share Resolution.

**BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

- (a) the creation of a series of preferred shares of the Company designated as “Class B Redeemable Preferred Shares”, the rights, restrictions and privileges of which are set out in Schedule A to the management information circular of the Company dated June 5, 2023, be and is hereby approved;
- (b) Article 27 of the Articles of the Company, entitled “Special Rights and Restrictions Attached to the Common Shares”, as amended and restated in the manner set out in Schedule A to the said management information circular of the Company, be and is hereby approved; and
- (c) any officer or director of the Company is hereby authorized to execute and deliver all documents, agreements, certificates and instruments and take any and all such further action as such officer or director, in his or her sole discretion, deems necessary or desirable in order to give effect to the foregoing, such determination to be conclusively evidenced by the execution and delivery of such document, agreement, certificate or other instrument or the taking of any such further action.

**The Board recommends that shareholders vote FOR the Class B Redeemable Preferred Share Resolution. Unless a shareholder has specifically instructed in the form of proxy or VIF that the common shares represented by such proxy or VIF are to be voted against the Class B Redeemable Preferred Share Resolution, the persons named in the proxy or VIF will vote FOR the Class B Redeemable Preferred Share Resolution.**

In order to be adopted, the Class B Redeemable Preferred Share Resolution must be approved by not less than 66<sup>2/3</sup>% of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting.

**REGULATORY APPROVAL**

The TSXV has conditionally accepted the supplemental listing of the Class A Redeemable Preferred Shares on the TSXV. Final acceptance of the supplemental listing of the Class A Redeemable Preferred Shares on the TSXV will be conditional upon the Company obtaining TSXV approval for the proposed private placement of Class A Redeemable Preferred Shares pursuant to all applicable TSXV policies and satisfying filing requirements outlined in TSXV Policy 2.8 *Supplemental Listings*, including distribution of Class A Redeemable Preferred Shares to at least 75 persons, each holding at least one board lot (100 shares) of Class A Redeemable Preferred Shares. The Class B Redeemable Preferred Shares will not be listed on the TSXV.

**CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Company, the following summary describes, as of the date hereof, the principal Canadian federal income tax considerations pursuant to the *Income Tax Act* (Canada) (the “**Tax Act**”) generally applicable to a holder of common shares of the Company who: (i) acquires the Class B Redeemable Preferred Shares as a result of the conversion of a common share into and for a Class B Redeemable Preferred Share following the proposed amendments to the Company’s Articles, as beneficial owner; (ii) for purposes of the Tax Act and at all relevant times, acquires and holds the Class B Redeemable Preferred Shares as capital property; and (iii) for purposes of the Tax Act and at all relevant times, deals at arm’s length and is not affiliated with the Company (a “**Holder**”).

Generally, the Class B Redeemable Preferred Shares will be considered to be capital property to a Holder thereof provided that the Holder does not hold or use the Class B Redeemable Preferred Shares in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them or been deemed to have acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. This summary is not applicable to a Holder: (i) that is a “financial institution” (as defined in the Tax Act for the purposes of the “mark-to-market property” rules); (ii) that has an interest which would constitute a “tax shelter investment” (as defined in the Tax Act); (iii) that is a “specified financial institution” (as defined in the Tax Act); (iv) that elects or has elected to report its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency; (v) that is exempt from tax under the Tax Act; (vi) that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act); (vii) who enters into or has entered into

a “synthetic disposition arrangement” or a “derivative forward agreement” (as defined in the Tax Act) with respect to the Class B Redeemable Preferred Shares; (viii) that receives dividends or deemed dividends on the Class B Redeemable Preferred Shares under or as part of a “dividend rental arrangement” (as defined in the Tax Act); or (ix) that is a corporation resident in Canada and is, or becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of Class B Redeemable Preferred Shares, controlled by a non-resident person, or, if no single non-resident person has or acquires control, by a group of non-resident persons (comprised of any combination of non-resident corporations, non-resident individuals or non-resident trusts) that do not deal with each other at arm’s length for the purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such investors should consult their own tax advisors with respect to an investment in Class B Redeemable Preferred Shares. This summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Class B Redeemable Preferred Shares.

This summary is based upon: (i) the provisions of the Tax Act and the regulations thereunder (the “**Regulations**”) in force as of the date hereof; (ii) all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”); and (iii) counsel’s understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency (the “**CRA**”) published in writing and made publicly available by the CRA prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, regulatory, administrative governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. This summary also does not take into account any change in the administrative policies or assessing practices of the CRA. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder or prospective Holder of Class B Redeemable Preferred Shares, and no representations with respect to the tax consequences to any holder or prospective Holder are made therein. Consequently, holders and prospective Holders of Class B Redeemable Preferred Shares should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Class B Redeemable Preferred Shares, having regard to their particular circumstances.

## **Currency**

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Class B Redeemable Preferred Shares (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars based on the rate quoted by the Bank of Canada for the applicable day or such other exchange rate that is acceptable to the CRA.

## **Amendments to the Rights of Common Shares**

The amendments to the rights attached to the common shares by adding an optional feature to convert common shares into Class B Redeemable Preferred Shares during a period of 30 days prior to the redemption date of the Class B Redeemable Preferred Shares should be made on tax-free basis for the purposes of the Tax Act.

## **Holders Resident in Canada**

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be resident in Canada (a “**Resident Holder**”). Certain Resident Holders who might not otherwise be considered to hold their Class B Redeemable Preferred Shares as capital property may, in certain circumstances, be entitled to have their Class B Redeemable Preferred Shares, and all other “Canadian securities” (as defined in the Tax Act) owned by such Resident Holders in the taxation year of the election and in all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Resident Holders should consult their own tax advisors regarding this election.

### *Conversion of Common Shares into Class B Redeemable Preferred Shares*

The conversion of a common share into a Class B Redeemable Preferred Share, to the extent no other consideration is received by such Resident Holder, should be deemed not to be a disposition of such person's common share for purposes of the Tax Act (other than subsections 20(21) and 44.1(6) and (7) and paragraph 94(2)(m) of the Tax Act), and accordingly will not give rise to any capital gain or capital loss.

The adjusted cost base to a holder of a Class B Redeemable Preferred Share received on the conversion will be deemed to be equal to the Resident Holder's adjusted cost base of the converted common shares immediately before the conversion. The adjusted cost base of all of the Class B Redeemable Preferred Shares held by the Resident Holder will be determined in accordance with the cost averaging rules in the Tax Act.

### *Disposition of Class B Redeemable Preferred Shares*

A disposition or a deemed disposition of a Class B Redeemable Preferred Share (other than to the Company unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) by a Resident Holder will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Class B Redeemable Preferred Share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof immediately before the disposition or deemed disposition and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Taxation of Capital Gains and Capital Losses".

### *Taxation of Capital Gains and Capital Losses*

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years (but not against other income), to the extent and under the circumstances described in the Tax Act. The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition or deemed disposition of a Class B Redeemable Preferred Share may, in certain circumstances, be reduced by the amount of dividends previously received or deemed to have been received by it on such Class B Redeemable Preferred Share (or on a share for which the Class B Redeemable Preferred Share has been substituted) to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Class B Redeemable Preferred Shares, directly or indirectly, through a partnership or a trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors. A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional tax (refundable under certain circumstances) on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains. On August 9, 2022, the Minister of Finance (Canada) released certain Proposed Amendments to amend the Tax Act to extend the liability for this additional tax in respect of "aggregate investment income" to a Resident Holder that is a "substantive CCPC". Any such Resident Holder should consult with its own advisors in this regard. A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) or a "substantive CCPC" (as defined in the Tax Act) may also be liable to pay an additional 10<sup>2/3</sup>% tax (refundable in certain circumstances) on its "aggregate investment income", which generally includes interest income and taxable capital gains. Capital gains realized by a Resident Holder that is an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. The 2023 Federal Budget (Canada) announced an intention to revise the minimum tax rules, and such draft rules, if adopted, may impact the liability of a holder for alternative minimum tax. Resident Holders who are individuals should consult their own tax advisors in this regard.

### *Redemption by the Company of a Class B Redeemable Preferred Share*

If the Company redeems or otherwise acquires Class B Redeemable Preferred Shares, other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Resident Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Company in excess of the paid up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid by the Company and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition and not a dividend.

### *Receipt of Dividends on Class B Redeemable Preferred Shares*

Dividends received or deemed to be received on Class B Redeemable Preferred Shares held by a Resident Holder will be included in the Resident Holder's income for the purposes of the Tax Act. Such dividends received by a Resident Holder who is an individual (including certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to "taxable dividends" received from "taxable Canadian corporations" (each as defined in the Tax Act), including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as "eligible dividends" in accordance with the provisions of the Tax Act. There may be limitations on the ability of the Company to designate dividends as "eligible dividends" and the Company has made no commitments in this regard. Any such designation will be disclosed by the Company on its website unless otherwise notified. Taxable dividends received or deemed to be received by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. The 2023 Federal Budget (Canada) announced an intention to revise the minimum tax rules and draft legislation has been released, presenting changes to the rules in the Tax Act relating to alternative minimum tax. Resident Holders who are individuals should consult their own tax advisors in this regard. Dividends received or deemed to be received on Class B Redeemable Preferred Shares by a Resident Holder that is a corporation will be included in computing such Resident Holder's income for the taxation year and will generally also be deductible in computing its taxable income for that taxation year, subject to all relevant restrictions under the Tax Act. In certain circumstances a taxable dividend received or deemed to be received by a Resident Holder that is a corporation may be deemed to be proceeds of disposition or a capital gain pursuant to subsection 55(2) of the Tax Act. Resident Holders that are corporations should consult their own tax advisors with respect to the application of subsection 55(2) of the Tax Act having regard to their own circumstances. A Resident Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable to pay an additional tax under Part IV of the Tax Act on dividends received or deemed to be received on the Class B Redeemable Preferred Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year. Such additional tax may be refundable in certain circumstances. Resident Holders that are corporations should consult their own tax advisors regarding their own circumstances. A Resident Holder that is, throughout the relevant taxation year, a "Canadian controlled private corporation", as defined in the Tax Act, may be liable to pay an additional tax (refundable under certain circumstances) on its "aggregate investment income", which is defined in the Tax Act to include dividends or deemed dividends that are not deductible in computing the Resident Holder's taxable income for the taxation year. On August 9, 2022, the Minister of Finance (Canada) released certain Proposed amendments to amend the Tax Act to extend the liability for this additional tax in respect of "aggregate investment income" to a Resident Holder that is a "substantive CCPC" (as defined in the Proposed Amendments). Any such Resident Holder should consult with its own advisors in this regard.

The Class B Redeemable Preferred Shares will be "taxable preferred shares" and "short term preferred shares" as defined in the Tax Act. The Company intends to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act in the event of dividends received (or deemed to be received) on the Class B Redeemable Preferred Shares.

## **Holders Not Resident in Canada**

The following summary applies to a Holder who, at all relevant times, for purposes of the Tax Act and any relevant income tax treaty or convention: (i) is neither resident nor deemed to be resident in Canada; and (ii) does not, and is not deemed to, use or hold Class B Redeemable Preferred Shares in carrying on a business in Canada (a “**Non-Resident Holder**”). This discussion does not apply to a Non-Resident Holder that is “registered non-resident insurer” or “an authorized foreign bank” (as such terms are defined in the Tax Act).

### *Conversion of Common Shares into Class B Redeemable Preferred Shares*

The conversion of a common share into a Class B Redeemable Preferred Share, to the extent no other consideration is received by such Non-Resident Holder, should be deemed not to be a disposition of such person’s common share for purposes of the Tax Act (other than subsections 20(21) and 44.1(6) and (7) and paragraph 94(2)(m) of the Tax Act), and accordingly will not give rise to any capital gain or capital loss.

To the extent the common shares are “taxable Canadian property” to the Non-Resident Holder, the Class B Redeemable Preferred Shares received on the exchange will be deemed to be, at any time that is within 60 months after the exchange, taxable Canadian Property of the Non-Resident Holder.

The adjusted cost base to a holder of a Class B Redeemable Preferred Share received on the conversion will be deemed to be equal to the Resident Holder’s adjusted cost base of the converted common shares, immediately before the conversion. The adjusted cost base of all of the Class B Redeemable Preferred Shares held by the Resident Holder will be determined in accordance with the cost averaging rules in the Tax Act

### *Disposition of Class B Redeemable Preferred Shares*

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of a Class B Redeemable Preferred Share unless the Class B Redeemable Preferred Shares constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

In addition, capital losses arising on a disposition or deemed disposition of a Class B Redeemable Preferred Share will not be recognized under the Tax Act, unless the Class B Redeemable Preferred Shares constitute or are deemed to constitute “taxable Canadian property” (as defined in the Tax Act) at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. Class B Redeemable Preferred Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at the time of disposition, unless at any time during the 60-month period that ends at the time of the disposition of the Class B Redeemable Preferred Shares more than 50% of the fair market value of the Class B Redeemable Preferred Shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) “Canadian resource properties” (as defined in the Tax Act); (c) “timber resource properties” (as defined in the Tax Act); and (d) options in respect of, or interests in or for civil law rights in, property described in (a) to (c), whether or not such property exists. Notwithstanding the foregoing, Class B Redeemable Preferred Shares may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act. A Non-Resident Holder contemplating a disposition of Class B Redeemable Preferred Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition. In the event that a Class B Redeemable Preferred Share constitutes taxable Canadian property (or is deemed to be taxable Canadian property) of a Non-Resident Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act or pursuant to an applicable income tax convention, the income tax consequences discussed above for Resident Holders under “Disposition of Class B Redeemable Preferred Shares” will generally apply to the Non-Resident Holder.

### *Redemption or Other Disposition of Class B Redeemable Preferred Shares*

If the Company redeems or otherwise acquires Class B Redeemable Preferred Shares, other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Non-Resident Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Company in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid by the Company and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition and not a dividend.

### *Receipt of Dividends on Class B Redeemable Preferred Shares*

Any dividends paid or credited, or deemed to be paid or credited, on the Class B Redeemable Preferred Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence. For instance, where the Non-Resident Holder is a resident of the United States that is entitled to full benefits under the Canada-United States Income Tax Convention (1980), as amended (the "**Treaty**"), and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15% (or 5% in the case of a Non-Resident Holder that is a corporation entitled to full benefits under the Treaty beneficially owning at least 10% of the Company's voting shares). Non-Resident Holders should consult their own tax advisors in this regard.

The Class B Redeemable Preferred Shares will be "taxable preferred shares" and "short term preferred shares" as defined in the Tax Act. The Company intends to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act in the event of dividends received (or deemed to be received) on the Class B Redeemable Preferred Shares.

## **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 end 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 except as may be disclosed in this Information Circular.

## **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

As of the date of this Information Circular, management knows of no matters to come before the Meeting other than as set out in the Notice of Meeting. However, if other matters not known to the management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

## **BOARD APPROVAL**

The contents of this Information Circular have been approved, and its mailing has been authorized, by the Board.

Dated this 5<sup>th</sup> day of June, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

*“Frank J. Basa”*

Frank J. Basa, P. Eng.  
President, CEO & Director



## SCHEDULE A

### PROPOSED ARTICLES 27, 28 AND 29 OF THE COMPANY'S ARTICLES

#### 27. SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE COMMON SHARES

The Common shares, as a class, shall have attached to them the following special rights and restrictions:

1. **Definitions.** In this Part 27: “**Preferred Shares**” means the Class A Redeemable Preferred Shares and the Class B Redeemable Preferred Shares of the Company.

“**Redemption Rights**” means the rights of holders of Class A Redeemable Preferred Shares and Class B Redeemable Preferred Shares as further described under Articles 28.4 and 29.4, respectively.

2. **Voting.** The holders of the Common shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company (other than a separate meeting of the holders of another class of shares) and shall have one vote for each Common share held.

3. **Dividends.**

- (1). The holders of the Common shares shall be entitled to receive dividends as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends.
- (2). The directors may from time to time, in their sole discretion, declare dividends on the Common shares, in such form as the directors of the Company may from time to time determine, and shall not be required to declare equivalent dividends on any other class or classes of shares of the Company.
- (3). No dividends shall be declared or paid on the Common shares if such payment will impair the ability of the Company to satisfy the Redemption Rights of all of the Preferred Shares then outstanding.

4. **Dissolution.** In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Common shares shall, after payment of the amounts payable to the holders of the Preferred Shares in accordance with Articles 28.5 and 29.5, as applicable, be entitled to participate on a *pro rata* basis in the distribution of the remaining property and assets of the Company.

5. **Conversion.** Each Common share shall be convertible on the terms and conditions set forth in this Article 27.5.

- (1). **Holder's Conversion.** During a period of thirty (30) days prior to the redemption date of the Class B Redeemable Preferred Shares, the holders of Common shares shall be entitled, at the holder's option, to receive validly issued, fully paid and non-assessable Class B Redeemable Preferred Shares of the Company in exchange for such holder's Common shares at the Conversion Ratio, as defined below (the “**Conversion Right**”).
- (2). **Conversion Ratio.** The number of validly issued, fully paid and non-assessable Class B Redeemable Preferred Shares issuable upon conversion of each Common share which the holder elects to exchange for Class B Redeemable Preferred Shares pursuant to this Article 27.5 shall be set at a conversion ratio calculated as follows: one (1) Class B Redeemable Preferred Share for the number of Common shares that results from dividing the cost of production of one (1) gram of gold at the Granada Gold Property, as determined by the Company, on the effective date of this Part 27 by the volume weighted average trading price of the Common shares on the principal stock exchange on which the Common shares are then listed for the five (5) Business Days ending on the Business Day immediately prior to delivery of

the Conversion Notice (as defined below), converted into U.S. dollars at the most-recent Bank of Canada exchange rate as determined by the Company, subject to adjustment as provided herein (the “**Conversion Ratio**”). No fractional Class B Redeemable Preferred Shares shall be issued upon the conversion of any Common shares. If the conversion would result in the issuance of a fraction of a Class B Redeemable Preferred Share, the Company shall round such fraction of a Class B Redeemable Preferred Share down to the nearest whole Class B Redeemable Preferred Share without payment of any cash amount in lieu of such fractional Class B Redeemable Preferred Share.

(3). Manner of Exercise. The Conversion Right shall be exercised in the following manner:

- a) Notice. Should the holder elect to exercise its Conversion Right, the holder shall deliver written notice to the Company (the “**Conversion Notice**”) accompanied by any certificates representing the holder’s Common shares. The Conversion Notice shall set out the number of Common shares the holder is electing to convert, as well as the registration and delivery instructions for the Class B Redeemable Preferred Shares to be issued upon exercise of the holder’s Conversion Right. The holder shall provide any other information reasonably required by the Company in order that the Company issue Class B Redeemable Preferred Shares upon exercise of the Conversion Right.
- b) Exercise of Conversion Right. On or before the tenth (10<sup>th</sup>) Business Day following the receipt of the Conversion Notice, the Company shall, based upon the instructions in the Conversion Notice, issue and deliver, or cause to be issued and delivered, to the address as specified in the Conversion Notice a certificate registered in the name of such holder or its designee for the number of Class B Redeemable Preferred Shares to which such holder shall be entitled (the effective date of such issuance being the “**Conversion Date**”). If the number of Common shares elected to be converted pursuant to this Part 27 is less than the number of Common shares held by the holder, then the Company shall issue and deliver to such holder (or its designee) a new certificate representing the Common shares not converted.
- c) Record Holder. If applicable, the holder or holders entitled to receive the Class B Redeemable Preferred Shares issuable upon a conversion of Common shares shall be treated for all purposes as the record holder or holders of such Class B Redeemable Preferred Shares on the Conversion Date.

(4). Taxes. Each holder of Common shares shall pay any and all documentary, stamp, transfer (but only in respect of the registered holder thereof), issuance and other similar taxes that may be payable with respect to the issuance and delivery of Class B Redeemable Preferred Shares upon conversion of any of the Common shares subject to conversion held by such holder.

6. **Final and Binding Determination**. Any determination by the Company under this Part 27, including, but not limited to, the production cost of one (1) gram of gold at the Granada Gold Property, the volume weighted average trading price of the Common shares on the principal stock exchange on which the Common shares are then listed for the five (5) Business Days ending on the Business Day immediately prior to delivery of a Conversion Notice, the exchange rate between the U.S. dollar and Canadian dollar, and the Conversion Ratio shall, absent manifest error, be final and binding on the holders of Common shares.

## 28. SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE CLASS A REDEEMABLE PREFERRED SHARES

The Class A Redeemable Preferred Shares, as a class, shall have attached to them the following special rights and restrictions:

1. **Definitions.** In this Part 0: “**Gold Production Condition**” means the condition that the Company produce, in aggregate, at least twenty-five thousand (25,000) ounces of gold from the Granada Gold Property prior to the Redemption Date, as determined by the Company in its sole discretion;

“**Grams of Gold Equivalent**” means, in respect of each Class A Redeemable Preferred Share, one (1) gram of gold at the cost of production at the Granada Gold Property on the effective date of this Part 0, as determined by the Company;

“**Metal Account**” means the metal account in the name of the holder of the Class A Redeemable Preferred Shares as indicated by such holder;

“**Preferred Shares**” means collectively the Class A Redeemable Preferred Shares and Class B Redeemable Preferred Shares of the Company;

“**Redemption Date**” means, in respect of a Class A Redeemable Preferred Share, the date that is thirty-six (36) months from the date of issuance of such Class A Redeemable Preferred Share, subject to the right of the Company to advance the Redemption Date in its discretion by issuing a news release announcing a new Redemption Date not less than thirty (30) days prior to such new Redemption Date; and

“**Redemption Rights**” means the rights of holders of Class A Redeemable Preferred Shares and Class B Redeemable Preferred Shares as further described under Articles 0 and 29, respectively.

2. **Voting.** Except as provided by applicable law and except as herein specifically provided, the holders of Class A Redeemable Preferred Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of the Company and shall not be entitled to vote at any such meeting.

3. **Dividends.**

- (1). The holders of the Class A Redeemable Preferred Shares shall be entitled to receive dividends as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends.

- (2). The directors may from time to time, in their sole discretion, declare dividends on the Class A Redeemable Preferred Shares, in such form as the directors of the Company may from time to time determine, and shall not be required to declare equivalent dividends on any other class or classes of shares of the Company.

- (3). No dividends shall be declared or paid on the Class A Redeemable Preferred Shares if such payment will impair the ability of the Company to satisfy the Redemption Rights of all of the Preferred Shares then outstanding.

4. **Redemption.** Notice of Satisfaction of Gold Production Condition. If the Company satisfies the Gold Production Condition, it shall send a notice to that effect to the holders of Class A Redeemable Preferred Shares or otherwise notify them that the Gold Production Condition has been satisfied (the “**Gold Production Notice**”). Any such Gold Production Notice shall be forwarded by registered, certified or first class mail, postage prepaid or by email and addressed to each such holder at the holder’s address or email address, as the case may be, as it appears on the books of the Company. If the address of any such holder

does not appear on the books of the Company, the Gold Production Notice shall be so mailed to the last known address of such holder.

- (2). Gold Redemption. Subject to the Gold Production Condition being satisfied, the holders of Class A Redeemable Preferred Shares shall be entitled to redeem their Class A Redeemable Preferred Shares for a gold credit to the Class A Redeemable Preferred shareholder's Metal Account. Such holders shall notify the Company in writing not more than ten (10) Business Days after the Redemption Date of their election for such gold credit redemption and present and surrender, at the registered office of the Company, the certificate(s) for the Class A Redeemable Preferred Shares so redeemed (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made against the Company on account of the alleged loss, theft or destruction of such certificate). The gold credit shall be equal to the aggregate Grams of Gold Equivalent represented by the Class A Redeemable Preferred Shares redeemed by such holder. The Company will effect the Metal Account credit within thirty (30) days following receipt of such notice. Upon giving effect to such Metal Account credit, the Class A Redeemable Preferred Shares in respect of which such credit was paid shall thereupon be deemed to be redeemed and shall be cancelled.
- (3). Cash Redemption. Eleven (11) Business Days after the Redemption Date, any Class A Redeemable Preferred Shares which have not been redeemed pursuant to paragraph (2). immediately above shall be automatically redeemed by the Company for cash on presentation and surrender, at the registered office of the Company, of the certificate(s) for such Class A Redeemable Preferred Shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made against the Company on account of the alleged loss, theft or destruction of such certificate), at a redemption price equal to the New York spot price for one (1) gram of gold in U.S. dollars on the date that is eleven (11) Business Days after the Redemption Date multiplied by the number of Grams of Gold Equivalent represented by the Class A Redeemable Preferred Shares held as of the date that is eleven (11) Business Days after the Redemption Date by each such holder (the "**Class A Aggregate Redemption Amount**"). The Class A Aggregate Redemption Amount will be paid to each such holder by cheque payable to such holder delivered at the holder's address as it appears on the books of the Company. If the address of such holder does not appear on the books of the Company, such cheque shall be mailed to the last known address of such holder. Such cheques shall discharge all liability of the Company for the Class A Aggregate Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. Upon payment, the certificate(s) for the Class A Redeemable Preferred Shares in respect of which payment was made shall thereupon be deemed to be redeemed and shall be cancelled. If less than all of the Class A Redeemable Preferred Shares represented by a certificate are redeemed in accordance with the foregoing, a new certificate, instrument, or book entry representing the unredeemed Class A Redeemable Preferred Shares shall promptly be issued to such holder.
- (4). Notwithstanding anything contained in this Part 0, the Company shall be under no obligation to redeem any Class A Redeemable Preferred Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the laws of the Province of British Columbia or any other applicable law.
- (5). To the extent that a holder of Class A Redeemable Preferred Shares shall not have redeemed any of its Class A Redeemable Preferred Shares pursuant to this Part 28 or presented and surrendered any such Class A Redeemable Preferred Shares at the registered office of the Company pursuant to this Part 0 on or before the date that is six (6) years after the Redemption Date, then such Class A Redeemable Preferred Shares shall be automatically cancelled without payment of any Grams of Gold Equivalent represented by their Class A Redeemable Preferred Share or Aggregate Redemption Amount or any repayment of capital or other consideration in respect thereof and the interest of such holder in respect of such Class A Redeemable Preferred Shares shall be terminated as of such final proscription date for no consideration.

(6). Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of six (6) years from the Redemption Date shall be forfeited to the Company.

5. **Dissolution.** In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of Class A Redeemable Preferred Shares shall be entitled to receive only any Class A Aggregate Redemption Amount then owing and unpaid by the Company, prior to any distribution of the remaining property and assets of the Company. In the event that the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs occurs prior to the Redemption Date, the holders of Class A Redeemable Preferred Shares shall be entitled to receive, for each Class A Redeemable Preferred Share then held, only an amount equal to the original issue price of such Class A Redeemable Preferred Share, prior to any distribution of the remaining property and assets of the Company.

6. **Final and Binding Determination.** Any determination by the Company under this Part 0, including, but not limited to, whether or not the Gold Production Condition has been satisfied, the production cost of one (1) gram of gold at the Granada Gold Property, the New York spot price for one (1) gram of gold in U.S. dollars, and the exchange rate between the U.S. dollar and Canadian dollar shall, absent manifest error, be final and binding on the holders of Class A Redeemable Preferred Shares.

## 29. SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE CLASS B REDEEMABLE PREFERRED SHARES

The Class B Redeemable Preferred Shares, as a class, shall have attached to them the following rights, privileges, restrictions and conditions, subject to and qualified by the special rights and restrictions of the Class A Redeemable Preferred Shares which are designated senior to and rank above the Class B Redeemable Preferred Shares:

1. **Definitions.** In this Part 29:

“**Gold Production Condition**” means the condition that the Company produce, in aggregate, at least twenty-five thousand (25,000) ounces of gold from the Granada Gold Property prior to the Redemption Date, as determined by the Company in its sole discretion;

“**Grams of Gold Equivalent**” means, in respect of each Class B Redeemable Preferred Share, one (1) gram of gold at the cost of production at the Granada Gold Property on the effective date of this Part 29, as determined by the Company;

“**Metal Account**” means the metal account in the name of the holder of the Class B Redeemable Preferred Shares as indicated by such holder; and

“**Preferred Shares**” means collectively the Class A Redeemable Preferred Shares and Class B Redeemable Preferred Shares of the Company;

“**Redemption Date**” means, in respect of a Class B Redeemable Preferred Share, the date that is thirty-six (36) months from the date of issuance of the Class A Redeemable Preferred Shares, subject to the right of the Company to advance the Redemption Date in its discretion by issuing a news release announcing a new Redemption Date not less than thirty (30) days prior to such new Redemption Date; and

“**Redemption Rights**” means the rights of holders of Class A Redeemable Preferred Shares and Class B Redeemable Preferred Shares as further described under Articles 28.4 and 29.4, respectively.

2. **Voting.** Except as provided by applicable law and except as herein specifically provided, the holders of Class B Redeemable Preferred Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of the Company and shall not be entitled to vote at any such meeting.

**3. Dividends.**

- (1). The holders of the Class B Redeemable Preferred Shares shall be entitled to receive dividends as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends.
- (2). The directors may from time to time, in their sole discretion, declare dividends on the Class B Redeemable Preferred Shares, in such form as the directors of the Company may from time to time determine, and shall not be required to declare equivalent dividends on any other class or classes of shares of the Company other than Class A Redeemable Preferred Shares.
- (3). No dividends shall be declared or paid on the Class B Redeemable Preferred Shares if such payment will impair the ability of the Company to satisfy the Redemption Rights of all of the Preferred Shares then outstanding.

**4. Redemption. Notice of Satisfaction of Gold Production Condition.** If the Company satisfies the Gold Production Condition, it shall send a Gold Production Notice to the holders of Class B Redeemable Preferred Shares or otherwise notify them that the Gold Production Condition has been satisfied. Any such Gold Production Notice shall be forwarded by registered, certified or first class mail, postage prepaid or by email and addressed to each such holder at the holder's address or email address, as the case may be, as it appears on the books of the Company. If the address of any such holder does not appear on the books of the Company, the Gold Production Notice shall be so mailed to the last known address of such holder.

- (2). Gold Redemption. Subject to the Gold Production Condition being satisfied and subject to the redemption rights of holders of Class A Redeemable Preferred Shares, the holders of Class B Redeemable Preferred Shares shall be entitled to redeem their Class B Redeemable Preferred Shares for a gold credit to the Class B Redeemable Preferred shareholder's Metal Account. Such holders shall notify the Company in writing not more than ten (10) Business Days after the Redemption Date of their election for such gold credit redemption and present and surrender, at the registered office of the Company, the certificate(s) for the Class B Redeemable Preferred Shares so redeemed (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made against the Company on account of the alleged loss, theft or destruction of such certificate). The gold credit shall be equal to the aggregate Grams of Gold Equivalent represented by the Class B Redeemable Preferred Shares redeemed by such holder. The Company will effect the Metal Account credit within thirty (30) days following receipt of such notice. Upon giving effect to such Metal Account credit, the Class B Redeemable Preferred Shares in respect of which such credit was paid shall thereupon be deemed to be redeemed and shall be cancelled.
- (3). Cash Redemption. Subject to the redemption rights of holders of Class A Redeemable Preferred Shares, eleven (11) Business Days after the Redemption Date, any Class B Redeemable Preferred Shares which have not been redeemed pursuant to paragraph (2). immediately above shall be automatically redeemed by the Company for cash on presentation and surrender, at the registered office of the Company, of the certificate(s) for such Class B Redeemable Preferred Shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made against the Company on account of the alleged loss, theft or destruction of such certificate), at a redemption price equal to the New York spot price for gold in U.S. dollars on the date that is eleven (11) Business Days after the Redemption Date multiplied by the number of Grams of Gold Equivalent represented by the Class B Redeemable Preferred Shares held as of the date that is eleven (11) Business Days after the Redemption Date by each such holder (the "**Class B Aggregate Redemption Amount**"). The Class B Aggregate Redemption Amount will be paid to each such holder by cheque payable to such holder delivered at the holder's address as it appears on the books of the Company. If the address of such holder does not appear on the books of the Company, such cheque shall be mailed to the last known address of such holder. Such cheques shall discharge all liability of the Company for the Class B Aggregate Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on

due presentation. Upon payment, the certificate(s) for the Class B Redeemable Preferred Shares in respect of which payment was made shall thereupon be deemed to be redeemed and shall be cancelled. If less than all of the Class B Redeemable Preferred Shares represented by a certificate are redeemed in accordance with the foregoing, a new certificate, instrument, or book entry representing the unredeemed Class B Redeemable Preferred Shares shall promptly be issued to such holder.

- (4). Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Class B Redeemable Preferred Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the laws of the Province of British Columbia or any other applicable law.
  - (5). To the extent that a holder of Class B Redeemable Preferred Shares shall not have redeemed any of its Class B Redeemable Preferred Shares pursuant to this Part 29 or presented and surrendered any such Class B Redeemable Preferred Shares at the registered office of the Company pursuant to this Part 29 on or before the date that is six (6) years after the Redemption Date, then such Class B Redeemable Preferred Shares shall be automatically cancelled without payment of any Grams of Gold Equivalent represented by their Class B Redeemable Preferred Share or Aggregate Redemption Amount or any repayment of capital or other consideration in respect thereof and the interest of such holder in respect of such Class B Redeemable Preferred Shares shall be terminated as of such final proscription date for no consideration.
  - (6). Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of six (6) years from the Redemption Date shall be forfeited to the Company.
5. **Dissolution.** In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of Class B Redeemable Preferred Shares shall be entitled to receive only any Class B Aggregate Redemption Amount then owing and unpaid by the Company, after payment of all Class A Aggregate Redemption Amounts pursuant to Part 0 hereof and prior to any distribution of the remaining property and assets of the Company. In the event that the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs occurs prior to the Redemption Date, the holders of Class B Redeemable Preferred Shares shall be entitled to receive, for each Class B Redeemable Preferred Share then held, only an amount equal to the original issue price of the Class A Redeemable Preferred Shares, prior to any distribution of the remaining property and assets of the Company.
6. **Final and Binding Determination.** Any determination by the Company under this Part 29, including, but not limited to, whether or not the Gold Production Condition has been satisfied, the production cost of one (1) gram of gold at the Granada Gold Property, the New York spot price for one (1) gram of gold in U.S. dollars and the exchange rate between the U.S. dollar and Canadian dollar shall, absent manifest error, be final and binding on the holders of Class B Redeemable Preferred Shares.