



# **MONARCA MINERALS**

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## **MONARCA MINERALS INC.**

**Notice of Annual General and Special Meeting of Shareholders &  
Management Information Circular**

June 22, 2021

10:00 a.m. (Toronto time)

18 King St. East, Suite 902

Toronto, Ontario M5C 1C4

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# MONARCA MINERALS INC.

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the “**Meeting**”) of shareholders of Monarca Minerals Inc. (“**Monarca**” or the “**Corporation**”) will be held at 18 King St. East, Suite 902, Toronto, ON M5C 1C4 on the 22<sup>nd</sup> day of June, 2021 at the hour of 10:00 a.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the years ended November 30, 2020 and 2019 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors thereon;
2. to elect directors;
3. to re-appoint McGovern Hurley LLP, Chartered Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration;
4. to approve, in accordance with the policies of the TSX Venture Exchange, the Corporation’s new long-term incentive plan as more particularly set out in the Management Information Circular accompanying this notice of Meeting (the “**Notice**”); and
5. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice is a Management Information Circular and a form of proxy including a request form to receive annual and interim financial statements and management discussion and analysis. The accompanying Management Information Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the Meeting either in person or by proxy in accordance with the procedures described in the Management Information Circular accompanying this Notice. Those who are unable to attend the meeting are requested to read, complete, sign and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Management Information Circular accompanying this Notice.

DATED at Toronto, Ontario, this 30th day of April, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) “Carlos Espinosa”*

Chief Executive Officer

# MONARCA MINERALS INC.

## MANAGEMENT INFORMATION CIRCULAR

(Containing information as at April 30, 2021 unless indicated otherwise)

### SOLICITATION OF PROXIES

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Monarca Minerals Inc. (“**Monarca**” or the “**Corporation**”) for use at the Annual General and Special Meeting of holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of the Corporation and any adjournment thereof to be held at 10:00 a.m. (Toronto time) on June 22, 2021 (the “**Meeting**”) at the place and for the purposes set forth in the accompanying notice of Meeting. The enclosed proxy is being solicited by the management of the Corporation. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, by facsimile or by telephone by the regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from Shareholders.

The contents and the sending of this Circular have been approved by the directors of the Corporation. All dollar amounts referenced are expressed in Canadian dollars. All references to the Corporation shall include its subsidiaries as the context may require.

### APPOINTMENT OF PROXYHOLDER

The individuals named as proxyholders in the accompanying form of proxy are directors and/or officers of the Corporation. **A REGISTERED SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND SIGNING AND DATING THE PROXY, OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by Computershare Trust Company of Canada Inc. (“**Computershare**”), Proxy Dept., 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 before 10:00 a.m. (Toronto time) on June 11, 2021 or, with respect to any matters to be dealt with at any adjournment of the Meeting, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the re-commencement of the adjourned Meeting. Proxies delivered after such time(s) will not be accepted.

### REVOCAION OF PROXIES

A Shareholder who has given a proxy may revoke it prior to its use by an instrument in writing executed by the Shareholder or by his attorney duly authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer or attorney of such corporation, and delivered to the registered office of the Corporation, at c/o Peterson McVicar LLP, 18 King St. East, Suite 902, Toronto, ON M5C 1C4 (Attention: James McVicar) at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, preceding any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof, or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### VOTING OF PROXIES

The Common Shares represented by a properly executed proxy in favour of persons designated as proxyholders in the enclosed form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be called for; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specifications made on such proxy.

SUCH SHARES WILL BE VOTED **FOR** EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED.

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxyholder thereunder to vote with respect to amendments or variations of matters identified in the notice of Meeting, and with respect to any other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated by management as proxyholders in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, the management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

### INFORMATION FOR NON-REGISTERED SHAREHOLDERS

**Only registered Shareholders or proxyholders duly appointed by registered Shareholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their Common Shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered Shareholders are entitled to vote at the Meeting.** 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 such shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depositary Services Inc., which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the brokers’ clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

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

This Circular and accompanying materials are being sent to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**Objecting Beneficial Owners**”, or “**OBO’s**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBO’s**”). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers*, issuers may request and obtain a list of their NOBO’s from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf.

The Corporation's OBO's can expect to be contacted by Broadridge or their broker or their broker's agents as set out above.

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

All references to Shareholders in this Circular and the accompanying form of proxy and notice of Meeting are to registered Shareholders unless specifically stated otherwise.

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

Other than as set forth in this Circular, no person who has been a director or executive officer of the Corporation at any time since December 1, 2019, being the beginning of the Corporation's last completed financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has or has had any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Corporation is authorized to issue an unlimited number of Common Shares without par value. As at April 30, 2021, the Corporation had 120,114,606 issued and outstanding Common Shares. Only Shareholders of record at the close of business (Toronto time) on April 30, 2021 (the "**Record Date**") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Common Shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, there are no persons or companies who beneficially own, or exercise control or direction over, directly or indirectly, Common Shares carrying more than ten percent (10%) of the voting rights attached to all outstanding Common Shares.

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

##### **GENERAL**

Unless otherwise directed, it is the intention of management's proxyholders to vote proxies **FOR** the resolutions set forth herein. **All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the Shareholders.**

##### **1. ELECTION OF DIRECTORS**

There are five (5) directors to be elected at the Meeting.

Frank Hogel, Carlos Espinosa, Paul Ténrière, James McVicar and Monica Ospina are incumbent directors and will be proposed for re-election as directors of the Corporation. The term of office of each of the incumbent directors expires immediately prior to the election of directors at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and management's proxyholders will vote **FOR** the election of these nominees, unless otherwise instructed on the proxy form. Management does not contemplate that any of these nominees will be unable to serve as a director and all proposed directors have confirmed their willingness to serve or continue to serve as directors. Each director elected will hold office until the next annual general meeting of the Corporation or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Corporation or the provisions of the *Canada Business Corporations Act* ("**CBCA**").

The following table and notes thereto sets out the name of each person proposed to be nominated by management for election as a director, the province or state and country in which he or she is ordinarily resident, all offices of the Corporation now held by him or her, his or her principal occupation, the period of time for which he or she has been a director of the Corporation and the number of Common Shares beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at April 30, 2021:

Name, Position, and Province/State & Country of Residence <sup>(1)</sup>	Principal Occupation and Occupation during the Past Five Years <sup>(1)</sup>	Director Since	Number of shares beneficially owned or controlled or directed, directly or indirectly controlled <sup>(1)</sup>
FRANK HOGEL <sup>(2)(3)</sup> Chairman and Director Guaira, Paraguay	President of Peter Beck Asset Management GmbH, an investment management firm, since 1999 and Chief Executive officer since 2002.	December 2013	1,200,000
CARLOS ESPINOSA <sup>(2)</sup> President, Chief Executive Officer & Director Ontario, Canada	Founding Partner at The SoftLanding Group Mexico, Inc., since May 2008. CFO at Fredonia Management, Inc., a private exploration mining company	July 2016	1,445,000
PAUL TÉNIÈRE <sup>(2)</sup> Director New Brunswick, Canada	President and CEO of Major Precious Metals Corp. since March 2019, CEO and Director of Metallica Metals Corp. since July 2019, and CEO of Lido Minerals Ltd. since June 2020. Previously, Senior Manager of Mining at the Toronto Stock Exchange (TSX).	April 2019	600,000
JAMES McVICAR Director Ontario, Canada	Partner at law firm Peterson McVicar LLP since September 2017. Previously partner at law firm Dentons Canada LLP since March 2014 and partner at law firm Heenan Blaikie LLP since April 2006.	July 2016	760,000
MONICA OSPINA Director Ontario, Canada	Founder and Managing Director of O Trade since 2007. Guest lecturer at the Faculty of Mining Engineering, University of Toronto since 2013. Previously Head of Corporate Social Responsibility of Aurania Resources Ltd. from January 2017 to June 2020.	June 2020	nil

**Notes:**

(1) The information, not being within the knowledge of the Corporation, has been furnished by the respective director or director nominee.

(2) Member of the Audit Committee.

(3) 200,000 Common Shares controlled by Frank Hogel are held through Concept Capital Management Ltd.

### Corporate Cease Trade Orders or Bankruptcies

To the best of the Corporation's knowledge, none of the nominees is, as at the date of this Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in any case that was in effect for more than 30 consecutive days (an "order") that was issued while the nominee 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 nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, except as follows. Mr. Hogel was a director of the Corporation when it was subject to cease trade orders issued by the British Columbia Securities Commission and the and Alberta Securities Commission in June, 2014 and September 2014, respectively, for failure to file annual financial information for the financial year ended November 30, 2013 by the required deadline. The cease trade orders were lifted on February 9, 2016.

## **Personal Bankruptcies**

To the best of the Corporation's knowledge, except as noted below, none of the nominees is, as at the date of this Circular, or has been within the 10 years before the date hereof, (i) a director or executive officer of any company, including the Corporation, 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; or (ii) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the nominee.

## **Penalties and Sanctions**

To the best of the Corporation's knowledge, none of the nominees 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.

## **2. RE-APPOINTMENT OF AUDITORS**

McGovern Hurley LLP, Chartered Accountants, of Toronto, Ontario was appointed auditors to the Corporation in September 2009.

Shareholders will be asked to re-appoint McGovern Hurley LLP as auditors of the Corporation and authorize the directors to fix their remuneration. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote **FOR** the re-appointment of McGovern Hurley LLP, as the auditors of the Corporation to hold office until its successor is appointed and to authorize the directors to fix their remuneration.

## **3. APPROVAL OF LONG-TERM INCENTIVE PLAN**

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to approve, with or without variation, a resolution to approve a new long-term incentive plan for the Corporation (the "**LTIP**") adopted by the board of directors of the Corporation (the "**Board**") on May 21, 2021. The LTIP will replace the Corporation's existing stock option plan (the "**Option Plan**") under which the maximum aggregate number of Common Shares reserved for issuance shall not exceed 10% of the issued and outstanding Common Shares from time to time.

The Board adopted the LTIP as a means to grant stock options ("**Options**"), restricted share units ("**RSUs**"), deferred share units ("**DSUs**"), share appreciation rights ("**SARs**"), and together with the Options and the RSUs and the DSUs, the "**Awards**") to directors, officers, senior executives and other employees of the Corporation or a subsidiary, consultants and service providers providing ongoing services to the Corporation and its affiliates ("**Eligible Participants**", and when such Eligible Participants are granted Awards (as defined below), the "**Participants**") in order to attract, retain and motivate such persons as individuals whose skills, performance and loyalty to the objectives and interests of the Corporation are necessary to the Corporation's success, to incentivize them to continue their services for the Corporation, and to align their interests with those of the Corporation and Shareholders. The Board determined that the adoption of the LTIP was in the best interests of the Corporation and its Shareholders and is keeping with the approach to equity compensation for public companies in Canada.

A complete copy of the LTIP is set out in Schedule "A" of this Circular, and a summary of the material provisions of the LTIP is set out below.



The adoption of the LTIP is subject to approval of the LTIP by the Shareholders in accordance with the rules of the TSXV. Under TSXV rules, security-based compensation arrangements that are “rolling plans” and “evergreen plans”, like the LTIP, which provide for an increase in the number of Common Shares that may be issued on Awards outstanding on any increase in the issued and outstanding Common Shares (whether as a result of exercise of Awards or otherwise), must be approved by shareholders upon adoption and every year thereafter. Accordingly, at the Meeting, Shareholders will be asked to approve the LTIP. If approval of the LTIP is obtained at the Meeting, the LTIP will replace the Option Plan with outstanding options continuing to be governed by the Option Plan and the Corporation will not be required to seek further approval of the grant of unallocated Awards under the LTIP until the Company’s 2022 annual Shareholders’ meeting. If the LTIP is not approved, the Option Plan will continue to be effective and available for the issuance of the Options.

### **Summary of the LTIP**

The following is a summary of the material provisions of the LTIP:

#### ***Administration.***

The LTIP is administered and interpreted by the Board. The Board may decide by resolution to appoint a committee of at least three members to administer and interpret the LTIP. The Board and the committee may also delegate to one or more officers of the Corporation, or to a committee of such officers, the authority, subject to such terms and limitations as the Board or the committee may determine, to grant, cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards.

#### ***Eligibility.***

The persons eligible to receive Awards are the Eligible Participants.

#### ***Reserve Maximum.***

Subject to adjustment, the total number of Common Shares reserved and available for grant and issuance pursuant to Awards under the LTIP shall not exceed a number of Common Shares equal to ten percent (10%) of the total issued and outstanding Common Shares of the Corporation at the time of granting of Awards (on a non-diluted basis).

The LTIP is a “rolling plan” and “evergreen plan”. This means any increase in the issued and outstanding Common Shares (whether as a result of exercise of Awards or otherwise) will result in an increase in the number of Common Shares that may be reserved for issuance on Awards outstanding at any time and any increase in the number of Awards granted will, upon exercise, make new grants available under the LTIP.

The aggregate maximum number of Common Shares available for issuance from treasury underlying RSU, DSUs and SARS under this Plan, subject to adjustment pursuant to the terms of the LTIP, shall not exceed 3,000,000 Common Shares.

#### ***Current Reserve.***

As of the date of this Circular, the Corporation had 120,114,606 Common Shares issued and outstanding. Consequently, 12,011,461 Common Shares are available to be reserved for issuance under the Corporation’s security-based compensation plans. This represents 10% of the issued and outstanding Common Shares.

The Corporation does not currently have any other security-based compensation plan other than the Option Plan, under which stock options to acquire 3,325,000 Common Shares have been granted as of the date of this Circular. This represents 2.77% of the issued and outstanding Common Shares. No additional stock options will be granted under the Option Plan. The stock options granted under the Option Plan are in addition to any Awards which may be made under the LTIP. The exercise, cancellation or expiration of the stock options granted under the Option Plan will increase the number of Common Shares available for future Awards under the LTIP.

Accordingly, as of the date of this Circular, there is a current reserve of 8,686,461 Common Shares available to be reserved for issuance under the LTIP. This is equivalent to 7.23% of the issued and outstanding Common Shares.

#### ***Participation Limits.***

The LTIP does include insider participation limits prohibiting insiders from (i) being granted Awards whereby such grant could result, at any time, an insider acquiring Common Shares exceeding 10% of the issued and outstanding Common Shares; and (ii) any Participant acquiring more than 5% of the issued and outstanding Common Shares in any 12-month period, unless the Corporation has obtained disinterested shareholder approval in connection therewith.

*Market Value as of Grant.*

*Options* - The option price for Common Shares that are the subject of any Option shall be determined by the Board at the time the Option is granted, but may not be less than the Discounted Market Value at the time of grant. The terms of the LTIP do not allow for the exercise of an Option on a cashless basis.

*DSUs* - Each Eligible Participant may elect, once each calendar year, to be paid a percentage of his or her annual retainer in the form of DSUs. The number of DSUs an Eligible Participant is entitled to receive is calculated by taking (i) the percentage elected by the Eligible Participant, (ii) multiplying that percentage by the Eligible Participant's annual retainer, and then (iii) dividing that product by the Market Value.

*RSUs* - The purchase price of an RSU is determined by the Board and may be zero.

*SARs* - The exercise price of a SAR shall be fixed by the Board, but may not be less than the Market Value at the time of grant. Upon exercise, the holder is entitled to receive the number of Common Shares equal to the excess of the Market Value on the effective date of such exercise over the exercise price of the SAR.

"Market Value" means at any date when the Market Value of Shares of the Corporation is to be determined, (i) the volume weighted average trading price of such Shares on the TSXV (or, if such Shares are not then listed and posted for trading on the TSXV, on such recognized stock exchange in Canada on which such Shares are listed and posted for trading) for the five (5) consecutive trading days immediately preceding such date, provided that in the event that such Shares did not trade on any of such trading days, the Market Value shall be the average of the bid and ask prices in respect of such Shares at the close of trading on all of such trading days, provided that the Market Value for such trading days is not lower than the Discounted Market Price, (ii) in the event that such Shares are not listed and posted for trading on any recognized Canadian stock exchange, the Market Value shall be the fair market value of such Shares as determined by the Board in its sole discretion, or (iii) the prior day's closing price of the Shares listed on the TSXV.

***Market Appreciation / Dividend Payment.***

The LTIP contemplates the award of SARs.

In addition, a holder of DSUs and RSUs is entitled to receive additional DSUs or RSUs (or fractions thereof) when dividends are declared and paid on Common Shares. The additional DSUs and RSUs are based on (i) the actual amount of dividends that would have been paid if the Participant had held Common Shares under the LTIP on the applicable record date divided by (ii) the Market Value on the date on which the dividends on Common Shares are payable.

***Vesting.***

*Options* - The Board shall, from time to time by resolution, determine the vesting provisions of the Options.

*DSUs* - The Board may, at the time of grant, make DSUs subject to restrictions and conditions (i.e. continuing employment or achievement of pre-established performance goals). DSUs are exercisable immediately following the date a Participant resigns or is terminated.

*RSUs* - The relevant conditions and vesting provisions of a RSU are determined by the Board (including the performance period and criteria, if any). In making its determination regarding the vesting requirements applicable to any RSUs, the Board shall ensure that such requirements are not considered a "salary deferral arrangement" for purposes of applicable legislation. The Board also sets a date upon which it is determined whether the vesting conditions with respect to RSUs have been met (the "**RSU Vesting Determination Date**"). This then establishes the number of RSUs that become vested. The RSU Vesting Determination Date cannot fall outside the period (the "**Restricted Period**") that ends on December 31 of the year that is three (3) years after the calendar year in which the grant of RSUs was made. Any RSU that remains unvested on the RSU Vesting Determination or at the end of the Restricted Period, whichever is earlier, is cancelled.

*SARs* - The relevant conditions and vesting provisions of a SAR are determined by the Board (including the performance period and criteria, if any).

***Term.***

*Options* - The Board shall determine the period in which an Option is exercisable. An Option cannot expire later than ten (10) years from the date it is granted.

*DSUs* - A Participant may redeem his or her DSUs up to the 120th day after the date of his or her termination.

*RSUs* - The Board shall determine the Restricted Period, provided such Restricted Period cannot expire later than December 31 of the year that is three (3) years after the calendar year in which the grant of RSUs was made.

*SARs* - The Board shall determine the period during which a SAR is exercisable, provided such period cannot expire more than ten (10) years from the date the SAR was granted.

***Cessation.***

Options and SARs

*Termination for Cause* - Any Option or SAR, or any unexercised or unvested portion thereof, shall terminate when a Participant ceases to be an Eligible Participant for "cause". "Cause" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the any code of conduct of the Corporation (or equivalent policy) and any reason determined by the Corporation to be cause for termination.

*Death* - Any vested Option or SAR or the unexercised portion thereof ("**Vested Award**"), may be exercised by the estate of a Participant if such Participant dies while he or she is an Eligible Participant. However, a Vested Award must be exercised (i) within one (1) year of the Participant's death or (ii) prior to the expiration of the original term of such Vested Award, whichever is earlier.

*Disability* - Any Option or SAR, or any unexercised portion thereof, may be exercised by the Participant or his/her representative as the rights to exercise accrue. However, the Award must be exercised (i) within one (1) year of the disability, (ii) until the Participant becomes eligible for long-term disability benefits, or (iii) prior to the expiration of the original term of the Award, whichever is earlier.

*Other* - If a Participant ceases to be an Eligible Participant for any reason other than for "cause", death, or disability, the right to exercise an Option or SAR shall be limited to and expire on the earlier of (i) one (1) year after the date the Participant ceases to be an Eligible Participant or (ii) the expiry date of the Award set forth in the agreement pursuant to which the Award was granted.

RSUs

*Termination for Cause* - Any unvested RSUs credit to a Participant's account shall be forfeited and cancelled immediately upon such Participant ceasing to be an Eligible Participant for "cause" or by resignation.

*Cessation of Employment* - When a Participant retires, becomes eligible to receive long-term disability benefits, or has his or her employment terminated for reasons other than "cause" or by reason of injury or disability, such Participant's participation in the LTIP shall be terminated immediately. Unvested RSUs shall remain in effect until the applicable RSU Vesting Determination Date.

*Retirement* - If a Participant retires and becomes involved in another business or activity in the mining industry prior to the applicable RSU Determination Date, then (i) if the Board determines the vesting conditions have not been met on the RSU Vesting Determination Date, the unvested RSUs of such Participant shall be forfeited and cancelled, or (ii) if the Board determines the vesting conditions have been met on the RSU Vesting Determination Date, such Participant is entitled to receive the number of Common Shares he or she is entitled to in respect of such RSUs adjusted for the length of service provided by the Participant to the Corporation.

*Death* - If a Participant dies, his or her participation in the LTIP terminates immediately. All unvested RSUs remain in effect until the RSU Vesting Determination Date. If the Board determines the vesting conditions have not been met on the RSU Vesting Determination Date, the unvested RSUs of such deceased Participant shall be forfeited and cancelled. If the Board determines the vesting conditions have been met on the RSU Vesting Determination Date, such deceased Participant is entitled to receive the number of Common Shares he or she is entitled to in respect of such RSUs adjusted for the length of service provided by the Participant to the Corporation.

*Leave of Absence* - If a Participant voluntarily takes a leave of absence, his or her participation in the LTIP terminates immediately. All unvested RSUs remain in effect until the RSU Vesting Determination Date. If the Board determines the vesting conditions have not been met on the RSU Vesting Determination Date, the unvested RSUs of such Participant shall be forfeited and cancelled. If the Board determines the vesting conditions have been met on the RSU Vesting Determination Date, such Participant is entitled to receive the number of Common Shares he or she is entitled to in respect of such RSUs adjusted for the length of service provided by the Participant to the Corporation.

***Assignability.***

Awards granted under the LTIP are transferable or assignable only to a “permitted assign”. A permitted assign means the spouse of a Participant or a trustee, holding entity, or RRSP/RRIF of the Participant or his or her spouse.

***Amendments.***

The Board may amend the LTIP or any Award without consent of the Participants provided that the amendment shall:

- not adversely alter or impair any Award previously granted;
- be subject to any regulatory approvals;
- be subject to Shareholder approval, where required, provided that Shareholder approval is not required for following amendments and the Board may make any changes which may include but are not limited to: (i) amendments of a “housekeeping” nature; (ii) a change to the vesting provisions of any Award; (iii) the introduction or amendment of a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the LTIP reserve; and (iv) the addition of or amendment to any form of financial assistance.

The Board needs Shareholder approval to make the following amendments:

- any change to the maximum number of Common Shares issuable under the LTIP, except any increase due to an adjustment or due to the evergreen nature of the plan;
- any amendment that reduces the exercise price of an Award;
- any amendment that extends the expiry date of an Award;
- any amendment that changes the Eligible Participants;
- any amendment to the amendment provisions of the LTIP; and
- any amendment for which, under the requirements of the TSXV or any applicable law, shareholder approval is required.

Common Shares held directly or indirectly by insiders that may benefit from certain amendments shall be excluded from voting when obtaining Shareholder approval.

***Financial Assistance.***

The LTIP does not contain any form of financial assistance.

***Black-out Period.***

If the expiration date of an Option or SAR falls within a black-out period or within the ten (10) business days following the end of the black-out period, then the expiration of the Option or SAR is extended to the tenth (10th) business day following the end of the black-out period.

***Change of Control.***

In the event of a “Change in Control”, a reorganization of the Corporation, an amalgamation of the Corporation, an arrangement involving the Corporation, a take-over bid (as that term is defined in the *Securities Act* (Ontario)) for all of the Common Shares or the sale or disposition of all or substantially all of the property and assets of the Corporation, the Board may make such provision for the protection of the rights of the Participants as the Board in its discretion considers appropriate in the circumstances.

“Change in Control” means an event whereby (i) any person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Common Shares or the combined voting power of the Corporation’s then outstanding voting securities entitled to vote generally; (ii) any person acquires, directly or indirectly, securities of the Corporation to which is attached the right to elect the majority of the directors of the Corporation; (iii) the Corporation undergoes a liquidation or dissolution or sells all or substantially all of its assets; or (iv) the Board adopts a resolution to the effect that a Change in Control as defined herein has occurred or is imminent.

### **Adjustments.**

The LTIP may be adjusted if certain changes are made to the Corporation’s capitalization (e.g. subdivision, consolidation or reclassification of or a distribution of assets on (other than an ordinary course dividend) the Common Shares) in order to preclude a dilution or enlargement of the benefits due to Participants under the LTIP.

### **LTIP Resolution**

The text of the resolution approving of the LTIP to be submitted to Shareholders at the Meeting is set forth below (the “**LTIP Resolution**”):

“RESOLVED, as an ordinary resolution, that:

1. the long term incentive plan of the Corporation (“LTIP”), as described in the management information circular of the Corporation dated April 30, 2021, be and is hereby ratified and approved.
2. the Corporation be and is hereby authorized to grant Awards to acquire up to 10% of the issued and outstanding common shares in the capital of the Corporation from time to time in accordance with the terms of the LTIP;
3. any one director or officer of the Corporation be and is hereby authorized to make any changes to the LTIP as may be required by the TSX Venture Exchange; and
4. any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

The Board recommends a vote “for” the LTIP Resolution. In order for the LTIP Resolution to be passed, it must be approved by a simple majority of the votes cast at the Meeting in respect thereof. **Unless the Shareholder who has given such proxy has directed that the shares be voted “against” the LTIP Resolution, the persons named by management of the Corporation in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled “for” the LTIP Resolution.**

### **4. OTHER BUSINESS**

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. **However, if any other matters properly come before the Meeting, it is the intention of the management proxyholders to vote on the same in accordance with their best judgment on such matters.**

## STATEMENT OF EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS

#### Named Executive Officers

The following describes the particulars of compensation for a) the CEO, b) the CFO, c) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the 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 a named executive officer but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year (each a “**Named Executive Officer**” or “**NEO**”). For the financial year ended November 30, 2020, the Named Executive Officers of the Corporation were:

Carlos Espinosa, President and Chief Executive Officer

Bruce Reilly, Chief Financial Officer

#### Compensation Policy Objectives

The Corporation’s executive compensation program is designed to reward corporate and individual performance and motivate executives to achieve overall corporate goals.

The Corporation’s executive compensation program has the following objectives:

- to attract, retain and motivate qualified executives;
- to provide incentives to executives to maximize productivity and enhance enterprise value by aligning the interests of the executives with those of the Shareholders;
- to foster teamwork and entrepreneurial spirit;
- to establish a direct link between all elements of compensation and the performance of the Corporation and its subsidiaries, and individual performance;
- to integrate compensation incentives with the development and successful execution of strategic and operating plans; and
- to enhance Shareholder value.

For the fiscal year ended November 30, 2020, the Corporation only paid compensation to the President and Chief Executive Officer and to the Chief Financial Officer and that compensation was approved by the Board as a whole.

Given the recent history of the Corporation and financial markets for exploration issuers, the Corporation has been taking a very pared-down approach to its compensation practices. As the financial markets improve and the Corporation again becomes active, the Board may consider it appropriate to appoint a Compensation Committee. Notwithstanding the limited compensation currently being paid by the Corporation, the following does set out the Corporation’s approach to executive compensation.

The executive compensation program is comprised of fixed and variable elements of compensation; base salary, indirect compensation (benefits), discretionary bonus, and long-term incentives in the form of stock options. In determining actual compensation levels, the Compensation Committee considers the total compensation program, rather than any single element in isolation. Total compensation levels are designed to reflect both the marketplace (to ensure competitiveness) and the responsibility of each position (to ensure internal equity). The Compensation Committee believes these elements of compensation, when combined, form an appropriate mix of compensation, and provide competitive salary, link the majority of the executives’ compensation to corporate and individual performance (which induces and rewards behaviour that creates long-term value for Shareholders and other stakeholders), and encourage retention with time-based vesting attached to long-term equity-based incentives.

### ***Base Salaries***

Base salaries for the executive officers are designed to be competitive and are adjusted for the realities of the market. Initial base salaries are determined through market comparables, formal job evaluation, commercially available salary survey data, experience level, leadership and management skills, responsibilities and proven or expected performance. The Compensation Committee reviews the recommendations of the President and recommends to the Board the base salaries for executive officers taking into consideration the individual's performance, contributions to the success of the Corporation, and internal equities among positions. No specific weightings are assigned to each factor; instead, a subjective determination is made based on a general assessment of the individual relative to such factors.

### ***Discretionary Bonus***

A discretionary bonus is intended to provide incentives to executive officers to enhance the growth and development of the Corporation, to encourage and motivate executive officers to achieve short-term goals, and to reward individual contribution to the achievement of corporate objectives. The bonus can be based as a percentage of annual salary or a fixed dollar amount and is awarded at the discretion of the Board as recommended by the Compensation Committee.

### ***Long-Term Incentives***

The Corporation's long-term equity portion of executive compensation is designed to align the interests of executive officers with that of Shareholders by encouraging equity ownership through awards of stock options to motivate executives and other key employees to contribute to an increase in corporate performance and Shareholder value, and to attract talented individuals and encourage the retention of executive officers and other key employees.

### ***Stock Options***

The Corporation grants stock options to its Named Executive Officers. The timing of the grant, and number of Common Shares made subject to option is generally recommended by the CEO, reviewed and approved (or revised, if thought appropriate) by the Compensation Committee and implemented by a resolution of the Board. Consideration in determining option grants is given to, amongst other things, the total number of stock options outstanding, the current and future expected contribution to the advancement of corporate objectives, the position of the individual, tenure, and previous option grants to selected individuals. No specific weightings are assigned to each factor; instead a subjective determination is made based on an assessment of the individual relative to such factors. Grants of stock option also comprise a portion of the compensation package offered to attract and retain new directors and executive officers to the Corporation.

During the fiscal year ended November 30, 2020, 1,250,000 stock options were awarded to directors, executive officers or other employees.

### ***Pension Plan Benefits***

The Corporation does not provide retirement benefits for directors, executive officers or employees.

### ***Share Ownership Requirements***

The Corporation has not imposed minimum share ownership requirements on its directors and the Named Executive Officers.

### ***Risks Associated with Compensation Practices***

As of the date of this Circular, the Corporation's directors had not, collectively, considered the implications of any risks associated with the Corporation's compensation policies applicable to its executive officers.

### ***Financial Instruments***

The Corporation has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. As of the date of this Circular, entitlement to grants of incentive stock options under the Corporation's Stock Option Plan are the only equity-based security elements awarded to executive officers and directors.

### Summary Compensation Table

The table below is a summary of total compensation paid to the Named Executive Officers for each of the Corporation's three most recently completed financial years ending November 30, 2020:

Summary Compensation Table									
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			
Carlos Espinosa President and Chief Executive Officer	2020	72,000	38,000	17,100	-	-	-	-	127,100
	2019	72,000	-	-	-	-	-	-	72,000
	2018	\$72,000	-	-	-	-	-	-	\$72,000
Bruce Reilly Chief Financial Officer	2020	60,000	-	-	-	-	-	-	60,000
	2019	60,000	-	-	-	-	-	-	60,000
	2018	\$60,000	-	-	-	-	-	-	\$60,000

Notes:

- (1) The values reported represent an estimate of the grant date fair market value of the options awarded during the year. For 2020, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 0.28%, no dividend yield, expected life of 4 years and an expected price volatility of 170%. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

### Incentive Plan Awards

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

The following table sets out option-based awards outstanding for each Named Executive Officers as at November 30, 2020.

Director Name	Option Based Award				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 (\$)
Carlos Espinosa <sup>(1)</sup> President and Chief Executive Officer	250,000	\$0.14	June 7, 2022	Nil	-	-
	250,000	\$0.075	July 28, 2024	Nil	-	-
Bruce Reilly Chief Financial Officer	100,000	\$0.14	June 7, 2022	Nil	-	-

#### Value Vested or Earned During the Year

There were no option-based or share-based awards outstanding for the Named Executive Officers for which there was a value that vested during the year ended November 30, 2020.

#### Employment Agreements

The Corporation does not have any employment agreements with any of its NEOs.

#### Termination and Change of Control Benefits



None of the NEOs is contractually entitled to any termination or change of control payment.

## DIRECTORS COMPENSATION

### Summary Compensation Table

The following table sets forth all compensation paid, awarded or earned by the non-executive directors of the Corporation during the year ended November 30, 2020.

Directors Compensation Table <sup>(1)</sup>							
Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Frank Hogel	-	38,000	17,100	-	-	-	55,100
James McVicar	-	38,000	17,100	-	-	-	55,100
Paul Ténrière	-	30,000	17,100	-	-	-	47,100
Monica Ospina <sup>(3)</sup>	-	-	17,100	-	-	-	17,100

Notes:

- (1) The table does not include any amount paid as reimbursement for travel, meals and accommodation expenses to attend Board and/or Committee meetings.
- (2) The values reported represent an estimate of the grant date fair market value of the options awarded during the year. For 2020, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming a risk-free interest rate of 0.28%, no dividend yield, expected life of 4 years and an expected price volatility of 170%. The options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (3) Monica Ospina was appointed a director of the Corporation on June 30, 2020.

The Board, upon the recommendation of the Compensation Committee, has the responsibility of determining director compensation. The objective in determining such director compensation is to ensure that the Corporation can attract and retain experienced and qualified individuals to serve as directors. The Corporation is proposing to compensate its non-executive directors through the grant of incentive stock options.

### Incentive Plan Awards

#### Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

The following table sets out option-based awards outstanding for each non-executive director as of November 30, 2020.

Director Name	Option Based Award				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Frank Hogel	600,000	\$0.14	June 7, 2022	Nil	-	-
	250,000	\$0.075	July 28, 2024	Nil	-	-
James McVicar	250,000	\$0.14	June 7, 2022	Nil	-	-
	250,000	\$0.075	July 28, 2024	Nil	-	-
Paul Ténrière	250,000	\$0.075	July 28, 2024	Nil	-	-
Monica Ospina <sup>(1)</sup>	250,000	\$0.075	July 28, 2024	nil	-	-

Notes:

- (1) Monica Ospina was appointed as a director of the Corporation on June 30, 2020.

### Value Vested or Earned During the Year

There were no option-based or share-based awards for which there was a value that vested, and no non-equity incentive plan compensation was provided to non-executive directors in 2020.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The following table provides information regarding the Corporation's equity compensation plans as of November 30, 2020, under which securities of the Corporation are authorized for issuance to directors, officers, employees and consultants of the Corporation and its affiliates:

### *Equity Compensation Plan Information*

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column "A")
Equity compensation plans approved by Shareholders	3,325,000	\$0.116	8,686,461
Equity compensation plans not approved by Shareholders	-	-	-
<b>Total</b>	<b>3,325,000</b>	<b>\$0.116</b>	<b>8,686,461</b>

**Notes:**

- (1) On June 7, 2017, the Corporation granted 2,075,000 stock options pursuant to its 2016 Stock Option Plan to certain directors, officers and consultants of the Corporation.
- (2) On July 28, 2020, the Corporation granted 1,250,000 stock options pursuant to its 2016 Stock Option Plan to certain directors, officers and consultants of the Corporation.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the year ended November 30, 2020 (being the Corporation's last completed financial year), was any director, executive officer, employee, proposed management nominee for election as a director of the Corporation or any associate of any such director, executive officer, or proposed management nominee of the Corporation or any former director, executive officer or employee of the Corporation or any of its subsidiaries, indebted to the Corporation or any of its subsidiaries or indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than for routine indebtedness.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director of the Corporation has, since December 1, 2019 (being the commencement of the Corporation's last completed financial year), had any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") requires issuers, such as the Corporation, to provide disclosure with respect to their corporate governance practices in accordance with Form 58-101F2. The required disclosure for the Corporation is set out below.

#### **Board of Directors**

The Board is currently composed of five (5) directors, four (4) being independent directors, as follows:

Name	Position	Independent/Non Independent
Paul Ténrière	Director	Independent
Frank Hogel	Director	Independent
Carlos Espinosa	President, CEO and Director	Non-Independent
James McVicar	Director	Independent
Monica Ospina	Director	Independent

Of the proposed directors, all except Carlos Espinosa, who currently serves as the Corporation’s President and CEO, are considered by the Board to be “independent” within the meaning of applicable securities legislation.

**Other Directorships**

As of the current date, certain of the Corporation’s directors are presently on the boards of other public companies as follows:

Name	Corporation Boards
Paul Ténrière	Metallica Metals Corp.
Frank Hogel	Golden Goliath Resources Ltd. Tembo Gold Corp. Avrupa Minerals Ltd. Nicola Mining Inc. Canamex Gold Corp. Passport Potash Inc.
James McVicar	Arizona Gold Corp. (formerly Kerr Mines Inc.)

**Orientation and Continuing Education**

All new directors are provided with comprehensive information about Monarca and its subsidiaries. Directors have the opportunity to meet with senior management to obtain insight into the operations of Monarca and its subsidiaries. New directors are briefed on the Corporation’s current property holdings, ongoing exploration programs and mining operations, overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. Senior management also makes regular presentations to the Board at its meetings and all directors are encouraged to communicate directly with management and other staff.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector and involving non-Canadian mineral properties. It is the Corporation’s view that all current members of the Board are well-versed and educated in the factors critical to the success of Monarca. 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 Corporation’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 expects management to operate the business of the Corporation in a manner that enhances Shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Corporation’s business plan and to meet performance goals and objectives. Directors and senior officers are bound by the provisions of the Corporation’s articles and the CBCA which sets forth resolutions for any conflicts of interest. In particular, any director who has a material interest in a particular transaction is required to disclose such interest and to refrain from voting with respect to the approval of any such transaction.

## **Nomination of Directors**

The Corporation does not currently have a Nomination and Corporate Governance Committee. The Board may appoint this committee following the Meeting when determined appropriate. Until appointed, the Board will assume the responsibilities of the committee. The Nomination and Corporate Governance Committee is responsible for reviewing the corporate governance policies and practices of the Corporation generally and making recommendations thereon to the directors of the Corporation, including reviewing and making recommendations to the Board of the Corporation on developing the approach of the Corporation to corporate governance issues and practices. The Nomination and Corporate Governance Committee is also responsible for proposals for new nominees to the Board and conducting such background reviews, assessments, interviews and other procedures as it believes necessary to ascertain the suitability of a particular nominee. The Nomination and Corporate Governance Committee previously adopted a written charter.

## **Compensation**

The Corporation does not currently have a Compensation Committee. The Board may appoint this committee following the Meeting when determined appropriate. Until appointed, the Board will assume the responsibilities of the committee. The Compensation Committee previously adopted a written charter. The overall purpose of the Compensation Committee is to implement and oversee human resources and compensation policies and best practices for recommendation to the Board for approval and implementation. The responsibilities of the Compensation Committee generally include: (1) reviewing and making recommendations to the Board regarding all share incentive awards; (2) developing an executive compensation strategy to attract, retain and motivate senior management to achieve superior results; (3) reviewing and appraising the performance of the executive officers of the Corporation (4) reviewing short-term and long-term talent management and succession planning; and (5) review the committee's charter and the performance of the committee on an annual basis.

## **Assessment**

The Nomination and Corporate Governance Committee has the on-going responsibility to assess (i) the effectiveness and contribution of the individual directors including the Chairman of the Board and committee chairman of the Corporation on an ongoing basis; (ii) the effectiveness of the directors of the Corporation as a whole; and (iii) the effectiveness of the committees of directors of the Corporation and the mandates of each of such committees.

## **AUDIT COMMITTEE**

Pursuant to the provisions of Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”), which came into force on March 30, 2004, the Corporation is required to disclose certain information concerning its Audit Committee including the Audit Committee's charter, the composition of the Audit Committee and its relationship with its independent auditors. Such information is set forth below.

### **Audit Committee's Charter**

As a TSXV listed company, the Corporation is required to have an audit committee for the purpose of monitoring and enhancing the quality of the financial information disclosed by the Corporation. The Audit Committee's charter is reproduced in Schedule “B”.

### **Composition of Audit Committee**

The Audit Committee is currently comprised of Messrs. Ténière, Hogel and Espinosa. Messrs. Ténière and Hogel are “independent” and each of Messrs. Ténière, Espinosa and Hogel are “financially literate” within the meaning of MI 52-110. In addition to each member's general business experience, the education and experience of each audit committee member that is relevant to the performance of his or her responsibilities as an audit committee member.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Corporation's external auditors not been adopted by the Board.

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied of exemptions in relation to "De Minimus Non-Audit Services" or any exemption provided by Part 8 of MI 52-110.

### Pre-Approval Policies and Procedures

The Corporation has not adopted any specific policies in relation to the engagement of non-audit services.

### External Auditor Service Fees (By Category)

	Financial Years Ended November 30,	
	<u>2020</u>	<u>2019</u>
Audit Fees <sup>(1)</sup>	\$26,640	\$22,440
Audit-Related Fees <sup>(2)</sup>	\$6,000	nil
Tax Fees <sup>(3)</sup>	\$3,000	\$3,000
All Other Fees <sup>(4)</sup>	nil	nil
<b>Total Fees</b>	<u>\$35,640</u>	<u>\$25,440</u>

#### Notes:

- <sup>(1)</sup> The aggregate audit fees billed.
- <sup>(2)</sup> The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audits or reviewing the Corporation's financial statements and are not included under "Audit Fees".
- <sup>(3)</sup> The aggregate fees billed for services related to tax compliance, tax advice and tax planning. The services performed for the fees paid under this category may briefly be described as tax return preparation fees.
- <sup>(4)</sup> The aggregate fees billed for services other than those reported above. The services performed for the fees paid under this category may briefly be described as flow-through accounting services.

### ADDITIONAL INFORMATION

Additional information regarding the Corporation and its business activities is available under the Corporation's profile on the SEDAR website located at [www.sedar.com](http://www.sedar.com). The Corporation's financial information is provided in the Corporation's audited consolidated financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of the Corporation's consolidated financial statements and related management discussion and analysis are available upon request, free of charge to Shareholders of the Corporation, by contacting the Chief Executive Officer, at the Corporation's principal office located at Peterson McVicar LLP, 18 King St. East, Suite 902, Toronto, ON M5C 1C4.

**SCHEDULE "A"**



**MONARCA MINERALS**  
**— I N C . —**

**MONARCA MINERALS INC.**

**OMNIBUS LONG-TERM INCENTIVE PLAN**

**Approved by the Board of Directors on May 21, 2021**

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Monarca Minerals Inc. (the “**Corporation**”) hereby establishes this Omnibus Long-Term Incentive Plan for Eligible Participants and for the purposes set out herein.

## **ARTICLE 1 – DEFINITIONS**

### **Section 1.1 Definitions.**

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

“**Account**” means an account maintained for each Participant on the books of the Corporation which will be credited with Awards, including any Dividend Equivalents, in accordance with the terms of this Plan;

“**Affiliate**” has the meaning given to this term in the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time;

“**Associate**”, where used to indicate a relationship with a Participant, means (i) any partner of that Participant and (ii) the spouse of that Participant and that Participant’s children, as well as that Participant’s relatives and that Participant’s spouse’s relatives, if they share that Participant’s residence;

“**Awards**” means an Option, a SAR, a RSU or a DSU granted to a Participant pursuant to the terms of the Plan;

“**Black-Out Period**” means a period of time when pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons designated by the Corporation;

“**Board**” has the meaning ascribed thereto in Section 2.2(1) hereof;

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Toronto, Ontario, for the transaction of banking business;

“**Cash Equivalent**” means the amount of money equal to the Market Value multiplied by the number of vested RSUs in the Participant’s Account, net of any applicable taxes in accordance with Section 10.2, on the RSU Settlement Date;

“**Cause**” has the meaning ascribed thereto in Section 7.2(1) hereof;

“**Change in Control**” means an event whereby (i) any Person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Shares or the combined voting power of the Corporation’s then outstanding voting securities entitled to vote generally; (ii) any Person acquires, directly or indirectly, securities of the Corporation to which is attached the right to elect the majority of the directors of the Corporation; (iii) the Corporation undergoes a liquidation or dissolution or sells all or substantially all of its assets; or (iv) the Board adopts a resolution to the effect that a Change in Control as defined herein has occurred or is imminent.

“**Committee**” has the meaning ascribed thereto in Section 2.2(1) hereof;

“**Consultant**” means a person, other than an officer, director, senior executive, or employee of the Corporation or a Subsidiary, that provides ongoing services to the Corporation, and

includes for an individual Consultant, a corporation of which the individual Consultant is an employee or shareholder, or a partnership of which the individual Consultant is an employee or partner;

**“Consulting Agreement”** means, with respect to any Participant, any written consulting agreement between the Corporation or an affiliate and such Participant;

**“Dividend Equivalent”** means a bookkeeping entry equivalent in value to a dividend paid on a Share credited to a Participant’s Account in accordance with Section 4.5 hereof;

**“Discounted Market Price”** has the meaning ascribed to this term in TSXV Policy 1.1 – Interpretation;

**“DSU”** means a deferred share unit, which is a bookkeeping entry equivalent in value to a Share credited by the Corporation to a Participant’s Account in accordance with Article 4 hereof, subject to the provisions of this Plan;

**“DSU Agreement”** means a written letter agreement between the Corporation and a Participant evidencing the grant of DSUs and the terms and conditions thereof;

**“Eligibility Date”** has the meaning ascribed thereto in Section 7.2(3) hereof;

**“Eligible Participants”** has the meaning ascribed thereto in Section 2.3(1) hereof;

**“Employment Agreement”** means, with respect to any Participant, any written employment agreement between the Corporation or an affiliate and such Participant;

**“Exercise Notice”** means a notice in writing signed by a Participant and stating the Participant’s intention to exercise a particular Award, if applicable;

**“Grant Agreement”** means an agreement evidencing the grant to a Participant of an Award, including an Option Agreement, a SAR Agreement, a DSU Agreement, a RSU Agreement, an Employment Agreement, or a Consulting Agreement;

**“Insider”** has the meaning given to the term in Part I of the TSXV Corporation Manual, as same may be amended, supplemented or replaced from time to time;

**“Market Value”** means at any date when the Market Value of Shares of the Corporation is to be determined (i) the volume weighted average trading price of such Shares on the TSXV (or, if such Shares are not then listed and posted for trading on the TSXV, on such recognized stock exchange in Canada on which such Shares are listed and posted for trading) for the five (5) consecutive trading days immediately preceding such date, provided that in the event that such Shares did not trade on any of such trading days, the Market Value shall be the average of the bid and ask prices in respect of such Shares at the close of trading on all of such trading days, provided that the Market Value for such trading days is not lower than the Discounted Market Price, (ii) in the event that such Shares are not listed and posted for trading on any recognized Canadian stock exchange, the Market Value shall be the fair market value of such Shares as determined by the Board in its sole discretion, or (iii) the prior day’s closing price of the Shares listed on the TSXV;

**“Notice of Redemption”** means the written notice by a Participant, or the administrator or liquidator of the estate of the Participant, to the Corporation of the Participant’s wish to redeem his or her DSUs for cash or Shares;

**“Option”** means an option granted by the Corporation to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, subject to the provisions of this Plan;

**“Option Agreement”** means a written letter agreement between the Corporation and a Participant evidencing the grant of Options and the terms and conditions thereof;

**“Option Price”** has the meaning ascribed thereto in Section 3.2 hereof;

**“Option Term”** has the meaning ascribed thereto in Section 3.4(1) hereof;

**“Participants”** means Eligible Participants that are granted Awards under the Plan;

**“Participant’s Account”** means an account maintained for each Participant’s participation in DSUs and/or RSUs under the Plan;

**“Performance Criteria”** means criteria established by the Board which, without limitation, may include criteria based on the Participant’s personal performance and/or the financial performance of the Corporation and/or of its Affiliates, and that may be used to determine the vesting of the Awards, when applicable;

**“Performance Period”** means the period determined by the Board pursuant to Section 5.4(1) hereof;

**“Person”** means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

**“Plan”** means this Omnibus Long-Term Incentive Plan, as amended and restated from time to time;

**“Restriction Period”** means the period determined by the Board pursuant to Section 5.3 hereof;

**“RSU”** means a right awarded by the Corporation to a Participant to receive a payment in the form of Shares as provided in Article 5 hereof, subject to the provisions of this Plan;

**“RSU Agreement”** means a written letter agreement between the Corporation and a Participant evidencing the grant of RSUs and the terms and conditions thereof;

**“RSU Settlement Date”** has the meaning determined in Section 5.6(1)(a);

**“RSU Settlement Notice”** means a notice by a Participant to the Corporation electing the desired form of settlement of vested RSUs;

**“RSU Vesting Determination Date”** has the meaning described thereto in Section 5.5 hereof;

**“SAR”** means a right granted to a Participant as provided in Article 6 hereof to receive, upon exercise by the Participant, the excess of (i) the Market Value of one Share on the date of exercise over (ii) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Board in its sole discretion, which, except in the case of Substitute Awards, shall not be less than the Market Value of one Share on such date of grant of the right or the related Option, as the case may be, subject to the provisions of this Plan;

**“SAR Agreement”** means a written letter agreement between the Corporation and a Participant evidencing the grant of SARs and the terms and conditions thereof;

**“SAR Price”** has the meaning ascribed thereto in Section 6.2 hereof;

**“SAR Term”** has the meaning ascribed thereto in Section 6.4(1) hereof;

**“Service Provider”** means an individual, other than an employee or a Consultant that: (i) is engaged to provide services on a bona fide basis to the Corporation or an Affiliate, other than services provided in relation to a distribution of securities of the Corporation or an Affiliate; (ii) provides the services under a written contract with the Corporation or an Affiliate; and (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate;

**“Share Compensation Arrangement”** means a stock option, stock option plan, employee stock purchase plan, long- term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more full-time employees, directors, officers, insiders, Service Providers or Consultants of the Corporation or a Subsidiary including a share purchase from treasury by a full-time employee, director, officer, insider, Service Provider or Consultant which is financially assisted by the Corporation or a Subsidiary by way of a loan, guarantee or otherwise;

**“Shares”** means the common shares in the share capital of the Corporation;

**“Subsidiary”** means a corporation, company or partnership that is controlled, directly or indirectly, by the Corporation;

**“Successor Corporation”** has the meaning ascribed thereto in Section 8.1(3) hereof;

**“Tax Act”** means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

**“Termination Date”** means (i) in the event of a Participant’s resignation, the date on which such Participant ceases to be an employee of the Corporation or a Subsidiary and (ii) in the event of the termination of the Participant’s employment by the Corporation or a Subsidiary, the effective date of the termination as specified in the notice of termination provided to the Participant by the Corporation or the Subsidiary, as the case may be;

**“TSXV”** means the TSX Venture Exchange;

**“Vested Awards”** has the meaning described thereto in Section 7.2(2) hereof; and

**“U.S. Participant”** means any Participant who is a United States citizen or United States resident alien as defined for purposes of Section 7701(b)(1)(A) of the Code or for whom an Award is otherwise subject to taxation under the Code.

## **ARTICLE 2 – PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS**

### **Section 2.1 Purpose of the Plan.**

- (1) The purpose of the Plan is to permit the Corporation to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:
  - (a) to increase the interest in the Corporation’s welfare of those Eligible Participants,

who share responsibility for the management, growth and protection of the business of the Corporation or a Subsidiary;

- (b) to provide an incentive to such Eligible Participants to continue their services for the Corporation or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Corporation or a Subsidiary are necessary or essential to its success, image, reputation or activities;
- (c) to reward the Participants for their performance of services while working for the Corporation or a Subsidiary; and
- (d) to provide a means through which the Corporation or a Subsidiary may attract and retain able Persons to enter its employment.

## **Section 2.2 Implementation and Administration of the Plan.**

- (1) The Plan shall be administered and interpreted by the Board of Directors of the Corporation (the “**Board**”) or, if the Board by resolution so decides, by a committee appointed by the Board (the “**Committee**”) and consisting of not less than three (3) members of the Board. If a Committee is appointed for this purpose, all references to the term “Board” will be deemed to be references to the Committee.
- (2) The Board or, for greater certainty, the Committee, may, from time to time, as it may deem expedient, adopt, amend and rescind rules, regulations and policies for carrying out the provisions and purposes of the Plan, subject to any applicable rules of the TSXV. Subject to the provisions of the Plan, the Board or, for greater certainty, the Committee, is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration of the Plan as it may deem necessary or advisable. The interpretation, construction and application of the Plan and any provisions hereof made by the Board or, for greater certainty, the Committee, shall be final and binding on all Eligible Participants.
- (3) No member of the Board or, for greater certainty, the Committee, shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.
- (4) Any determination approved by a majority of the Board or, for greater certainty, the Committee, shall be deemed to be a determination of that matter by the Board or, for greater certainty, the Committee.
- (5) Subject to the terms of this Plan and applicable law, the Board or, for greater certainty, the Committee, may delegate to one or more officers of the Corporation, or to a committee of such officers, the authority, subject to such terms and limitations as the Board or the Committee may determine, to grant, cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards.
- (6) The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issuance of any Shares or any other securities in the capital of the Corporation. For greater clarity, the Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, repurchasing Shares or varying or amending its share capital or corporate structure.

### **Section 2.3 Eligible Participants.**

- (1) The Persons who shall be eligible to receive Awards (“**Eligible Participants**”) shall be the directors, officers, senior executives, bona fide employees of the Corporation or a Subsidiary and bona fide Consultants and Service Providers providing ongoing services to the Corporation and its Affiliates. In determining Awards to be granted under the Plan, the Board shall give due consideration to the value of each Eligible Participant’s present and potential future contribution to the Corporation’s success. For greater certainty, a Person whose employment with the Corporation or a Subsidiary has ceased for any reason, or who has given notice or been given notice of such cessation, whether such cessation was initiated by such employee, the Corporation or such Subsidiary, as the case may be, shall cease to be eligible to receive Awards hereunder as of the date on which such Person provides notice to the Corporation or the Subsidiary, as the case may be, in writing or verbally, of such cessation, or on the Termination Date for any cessation of a Participant’s employment initiated by the Corporation.
- (2) A corporation controlled by an Eligible Participant, all of the issued and outstanding shares of which are, and continue at all times to be, legally and beneficially owned, directly or indirectly, by such Eligible Participant, is deemed to be an Eligible Participant under the Plan.
- (3) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant’s relationship or employment with the Corporation.
- (4) Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment by the Corporation to the Participant.

### **Section 2.4 Shares Subject to the Plan.**

- (1) Subject to adjustment pursuant to provisions of Article 8 hereof, the total number of Shares reserved and available for grant and issuance pursuant to Options under the Plan shall not exceed a number of Shares equal to ten percent (10%) of the total issued and outstanding Shares of the Corporation at the time of granting of Options (on a non-diluted basis) or such other number as may be approved by the shareholders of the Corporation from time to time. Any increase in the issued and outstanding Shares (whether as a result of exercise of Awards or otherwise) will result in an increase in the number of Shares that may be granted and issued pursuant to Awards for Options under the Plan and any Awards for Options granted will, upon exercise, make new grants and issuances available under the Plan.
- (2) The aggregate maximum number of Shares available for issuance from treasury underlying RSU, DSUs and SARS under this Plan, subject to adjustment pursuant to Article 8, shall not exceed 3,000,000 Shares.
- (3) Shares in respect of which an Award is granted under the Plan, but not exercised prior to the termination of such Award or not vested or delivered prior to the termination of such Award due to the expiration, termination or lapse of such Award, shall be available for Awards to be granted thereafter pursuant to the provisions of the Plan.
- (4) All Shares issued pursuant to the exercise or the vesting of the Awards granted under the Plan shall be so issued as fully paid and non-assessable Shares.

## **Section 2.5 Granting of Awards.**

- (1) Any Award granted under the Plan shall be subject to the requirement that if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, if applicable, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.
- (2) Any Award granted under the Plan shall be subject to the requirement that the Corporation has the right to place any restriction or legend on any securities issued pursuant to this Plan including, but in no way limited to (i) a legend indicating the Shares are subject to the Exchange Hold Period (as such term is defined in TSXV Policy 1.1 – Interpretation), and (ii) a legend to the effect that the securities have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States unless registration or an exemption from registration is available.

## **ARTICLE 3 – OPTIONS**

### **Section 3.1 Nature of Options.**

An Option is an option granted by the Corporation to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, subject to the provisions of this Plan. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an Option.

### **Section 3.2 Option Awards.**

Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the “**Option Price**”) and the relevant vesting provisions (including Performance Criteria, if applicable) and Option Term, the whole subject to the terms and conditions prescribed in this Plan, in any Option Agreement and any applicable rules of the TSXV.

### **Section 3.3 Option Price.**

The Option Price for Shares that are the subject of any Option shall be fixed by the Board when such Option is granted, and shall be granted at the Market Value or Discounted Market Price, at the discretion of the Board, and shall in no circumstances be lower than the Discounted Market Price.

### **Section 3.4 Option Term.**

- (1) The Board shall determine, at the time of granting the particular Option, the period during

which the Option is exercisable, commencing on the date such Option is granted to the Participant and ending as specified in this Plan, or in the Option Agreement, but in no event shall an Option expire on a date which is later than ten (10) years from the date the Option is granted (“**Option Term**”). Unless otherwise determined by the Board, all unexercised Options shall be cancelled at the expiry of such Options.

- (2) Should the expiration date for an Option fall within a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black-Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Section 8.2 hereof, the ten (10) Business Day-period referred to in this Section 3.4 may not be extended by the Board.

### **Section 3.5 Exercise of Options.**

- (1) Subject to the provisions of this Plan, a Participant shall be entitled to exercise an Option granted to such Participant at any time prior to the expiry of the Option Term, subject to vesting limitations which may be imposed by the Board at the time such Option is granted.
- (2) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, no Option shall be exercised by a Participant during a Black-Out Period.

### **Section 3.6 Method of Exercise and Payment of Purchase Price.**

- (1) Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in Section 3.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Corporation at its registered office to the attention of the Corporate Secretary of the Corporation (or the individual that the Corporate Secretary of the Corporation may from time to time designate) or give notice in such other manner as the Corporation may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by full payment, by certified cheque or such other means of payment acceptable to the Corporation of the purchase price for the number of Shares specified therein.
- (2) Upon the exercise of an Option, the Corporation shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to either:
  - (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
  - (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or



administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice to be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares.

### **Section 3.7 Option Agreements.**

Options shall be evidenced by an Option Agreement or included in an Employment Agreement or Consulting Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 3 and Article 7 hereof be included therein. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

## **ARTICLE 4 – DEFERRED SHARE UNITS**

### **Section 4.1 Nature of DSUs.**

A DSU is an Award of phantom share units to an Eligible Participant, subject to restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

### **Section 4.2 Election to Participate.**

Each Eligible Participant may elect, once each calendar year, to be paid a percentage of his or her annual retainer in the form of DSUs, with the balance being paid in cash. In the case of an existing Eligible Participant, the election must be completed, signed and delivered to the Corporation by the end of the fiscal year preceding the fiscal year to which such election is to apply. In the case of a new Eligible Participant, the election must be completed, signed and delivered to the Corporation as soon as possible, and, in any event, no later than thirty (30) days, after the Eligible Participant's appointment, with such election to be effective on the first day of the fiscal quarter of the Corporation next following the date of the Corporation's receipt of the election until the final day of the fiscal year of appointment. For the first year of the Plan, Eligible Participants must make such election as soon as possible, and, in any event, no later than thirty (30) days, after adoption of the Plan and the election shall be effective on the first day of the fiscal quarter of the Corporation next following the date of the Corporation's receipt of the election until the final day of such fiscal year. If no election is made in respect of a particular fiscal year, the new or existing Eligible Participant will receive the annual retainer in cash.

### **Section 4.3 DSU Awards.**

The number of DSUs that an Eligible Participant is entitled to receive in a fiscal year is based upon the percentage that the Eligible Participant has elected to receive in DSUs multiplied by the Participant's annual retainer divided by the Market Value. At the discretion of the Board, fractional DSUs will not be issued and any fractional entitlements will be rounded down to the nearest whole number.

### **Section 4.4 Redemption of DSUs.**

- (1) Each Participant shall be entitled to redeem his or her DSUs during the period commencing on the business day immediately following the Termination Date and ending on the 90th day following the Termination Date by providing a written Notice of Redemption to the Corporation. In the event of death of a Participant, the Notice of Redemption shall be filed by the administrator or liquidator of the estate of the Participant. The Notice of Redemption must specify an election to receive:
  - (a) a cash payment equal to the number of DSUs credited to the Participant's Account as of the Termination Date multiplied by the Market Value on the Termination Date, net of any applicable withholding taxes; or
  - (b) in the case of settlement of DSUs for Shares, delivery of a share certificate to the Participant or the entry of the Participant's name on the share register for the Shares (or in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant shall then be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation maintained by the transfer agent and registrar of the Shares); or
  - (c) a percentage of the DSUs paid out in cash and the remaining percentage of the DSUs paid out as Shares.

In the event a Notice of Redemption is not provided by a Participant, such Participant will be deemed to have elected to receive Shares as provided for in Section 4.4(1)(b). Notwithstanding an election by a Participant to receive a cash payment in accordance with Section 4.4(1)(a) or (c), the Corporation may, in its sole discretion, elect to settle amounts owing to a Participant pursuant to DSUs by the issuance of Shares only.

- (2) Where Shares are to be issued to a Participant, the Corporation will be required to (within ten (10) business days) issue the Shares. The number of Shares will be computed by taking the number of DSUs that the Participant elected to receive in Shares, net of the number of DSUs that would equal to any applicable withholding taxes.
- (3) The Corporation will make all of the payments described in this Article 4 (referred to hereinafter as the "Final Payment") to the Participant, within 120 days of the Termination Date. Upon making such payment to the Participant, the DSUs upon which such payment was based shall be cancelled and no further payments shall be made from the Plan in relation to such DSUs.

#### **Section 4.5 Award of Dividend Equivalents.**

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of DSUs in a Participant's Account on the same basis as dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. These Dividend Equivalents will, if awarded, be credited to the Participant's Account as additional DSUs (or fractions thereof), with the number of additional DSUs based on (a) the actual amount of dividends that would have been paid if the Participant had held Shares under the Plan on the applicable record date divided by (b) the Market Value per Share on the date on which the dividends on Shares are payable. For greater certainty, no DSUs representing Dividend Equivalents will be credited to a Participant's Account in relation to DSUs that have been previously cancelled or paid out of the Plan and all additional DSUs credited as a result of a Dividend Equivalent will be credited at the same time as any applicable Final Payment. All DSUs awarded as Dividend Equivalents shall reduce the

number of reserved Shares available for grant under the Plan.

**Section 4.6 Unfunded Plan.**

Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of DSUs under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation. Notwithstanding the foregoing, any determinations made shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the Income Tax Regulations, adopted under the Tax Act or any successor provision thereto.

**Section 4.7 DSU Agreements.**

DSUs shall be evidenced by a DSU Agreement or included in an Employment Agreement or Consulting Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 4 and Article 7 hereof be included therein. The DSU Agreement shall contain such terms that may be considered necessary in order that the DSU will comply with any provisions respecting deferred share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

**ARTICLE 5 – RESTRICTED SHARE  
UNITS**

**Section 5.1 Nature of RSUs.**

A RSU is an Award entitling the recipient to acquire Shares, at such purchase price (which may be zero) as determined by the Board, or receive a Cash Equivalent, subject to such restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

**Section 5.2 RSU Awards.**

- (1) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, and (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and Restriction Period of such RSUs, the whole subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.
- (2) The RSUs are structured so as to be considered to be a plan described in section 7 of the Tax Act or any successor provision thereto.
- (3) Subject to the vesting and other conditions and provisions herein set forth and in the RSU Agreement, each RSU awarded to a Participant shall entitle the Participant, at his or her election, to receive one Share issued from treasury or the Cash Equivalent at any time beginning on the first Business Day following their RSU Vesting Determination Date but no later than the RSU Settlement Date.

### **Section 5.3 Restriction Period.**

The applicable restriction period in respect of a particular RSU award shall be determined by the Board but in all cases shall end no later than December 31 of the calendar year which is three (3) years after the calendar year in which the Award is granted (“**Restriction Period**”). For example, the Restriction Period for a grant made in June 2021 shall end no later than December 31, 2024. Subject to the Board’s determination, any vested RSUs with respect to a Restriction Period will be paid to Participants in accordance with Article 5, no later than the end of the Restriction Period. Unless otherwise determined by the Board, all unvested RSUs shall be cancelled on the RSU Vesting Determination Date (as such term is defined in Section 5.5) and, in any event, no later than the last day of the Restriction Period.

### **Section 5.4 Performance Criteria and Performance Period.**

- (1) For each award of RSUs, the Board shall establish the period in which any Performance Criteria and other vesting conditions must be met in order for a Participant to be entitled to receive Shares in exchange for all or a portion of the RSUs held by such Participant (the “**Performance Period**”), provided that such Performance Period may not expire after the end of the Restriction Period, being no longer than three (3) years after the financial year in which the Award was granted. For example, a Performance Period determined by the Board to be for a period of three (3) financial years will start on the first day of the financial year in which the award is granted and will end on the last day of the second financial year after the year in which the grant was made. In such a case, for a grant made on August 5, 2021, the Performance Period will start on January 1, 2021 and will end on December 31, 2023.
- (2) For each award of RSUs, the Board shall establish any Performance Criteria and other vesting conditions which must be met during the Performance Period in order for a Participant to be entitled to receive Shares in exchange for his or her RSUs.

### **Section 5.5 RSU Vesting Determination Date.**

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to a RSU have been met (the “**RSU Vesting Determination Date**”), and as a result, establishes the number of RSUs that become vested, if any. For greater certainty, the RSU Vesting Determination Date must fall after the end of the Performance Period, if any, but no later than the last day of the Restriction Period.

### **Section 5.6 Settlement of RSUs.**

- (1) Except as otherwise provided in the RSU Agreement, in the event that the vesting conditions, the Performance Criteria and Performance Period, if applicable, of an RSU are satisfied:
  - (a) all of the vested RSUs covered by a particular grant may, subject to Section 5.6(4), be settled at any time beginning on the first Business Day following their RSU Vesting Determination Date but no later than the date that is ten (10) years from their RSU Vesting Determination Date (the “**RSU Settlement Date**”);
  - (b) a Participant is entitled to deliver to the Corporation, on or before the RSU Settlement Date, an RSU Settlement Notice in respect of any or all vested RSUs held by such Participant; and

- (c) with the consent of the Board in the RSU Settlement Notice, the Participant may elect, in such Participant's sole discretion, including with respect to any fractional RSUs, to settle vested RSUs for their Cash Equivalent, Shares issued from treasury, or a combination thereof.
- (2) Subject to Section 5.6(4), settlement of RSUs shall take place promptly following the RSU Settlement Date and take the form set out in the RSU Settlement Notice through:
    - (a) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
    - (b) in the case of settlement of RSUs for Shares, delivery of a share certificate to the Participant or the entry of the Participant's name on the share register for the Shares (or in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant shall then be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation maintained by the transfer agent and registrar of the Shares); or
    - (c) in the case of settlement of the RSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.
  - (3) If an RSU Settlement Notice is not received by the Corporation on or before the RSU Settlement Date, settlement shall take the form of Shares issued from treasury as set out in Section 5.7(2). Notwithstanding an election by a Participant to receive a cash payment in accordance with Section 5.6(1)(a) or (c), the Corporation may, in its sole discretion, elect to settle amounts owing to a Participant pursuant to RSUs by the issuance of Shares only.
  - (4) Notwithstanding any other provision of this Plan, in the event that an RSU Settlement Date falls during a Black-Out Period or other trading restriction imposed by the Corporation and the Participant has not delivered an RSU Settlement Notice, then such RSU Settlement Date shall be automatically extended to the tenth (10th) Business Day following the date that such Black-Out Period or other trading restriction is lifted, terminated or removed.

#### **Section 5.7 Determination of Amounts.**

- (1) Cash Equivalent of RSUs. For purposes of determining the Cash Equivalent of RSUs to be made pursuant to Section 5.6, such calculation will be made on the RSU Settlement Date and shall equal the Market Value on the RSU Settlement Date multiplied by the number of vested RSUs in the Participant's Account which the Participant desires to settle in cash pursuant to the RSU Settlement Notice, less any amount withheld on account of taxes in accordance with Section 11.2.
- (2) Payment in Shares; Issuance of Shares from Treasury. For the purposes of determining the number of Shares from treasury to be issued and delivered to a Participant upon settlement of RSUs pursuant to Section 5.6, such calculation will be made on the RSU Settlement Date and be the whole number of Shares equal to the whole number of vested RSUs then recorded in the Participant's Account which the Participant desires to settle pursuant to the RSU Settlement Notice. Shares issued from treasury will be issued in consideration for the past services of the Participant to the Corporation and the entitlement of the Participant under this Plan shall be satisfied in full by such issuance of Shares.

#### **Section 5.8 RSU Agreements.**

RSUs shall be evidenced by a RSU Agreement or included in an Employment Agreement or Consulting Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 5 and Article 7 hereof be included therein. The RSU Agreement shall contain such terms that may be considered necessary in order that the RSU will comply with any provisions respecting restricted share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

#### **Section 5.9 Award of Dividend Equivalents.**

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of RSUs in a Participant's Account on the same basis as dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. These Dividend Equivalents will, if awarded, be credited to the Participant's Account as additional RSUs (or fractions thereof), with the number of additional RSUs based on (a) the actual amount of dividends that would have been paid if the Participant had held Shares under the Plan on the applicable record date divided by (b) the Market Value per Share on the date on which the dividends on Shares are payable. For greater certainty, no RSUs representing Dividend Equivalents will be credited to a Participant's Account in relation to RSUs that have been previously cancelled or paid out of the Plan and all additional RSUs credited as a result of a Dividend Equivalent will be credited at the same time as any applicable Final Payment. In the event that the Participant's applicable RSUs do not vest, all Dividend Equivalents, if any, associated with such RSUs will be forfeited by the Participant and returned to the Corporation's account. All RSUs awarded as Dividend Equivalents shall reduce the number of reserved Shares available for grant under the Plan.

### **ARTICLE 6 – SHARE APPRECIATION RIGHTS**

#### **Section 6.1 Nature of SARs.**

A SAR is an Award entitling the recipient to receive Shares having a value equal to the excess of the Market Value of one Share on the date of exercise over the grant price of the right on the date of grant, multiplied by the number of Shares with respect to which the SAR shall have been exercised. The grant price of a SAR shall not be less than the Market Value of one Share on such date of grant of the right.

#### **Section 6.2 SAR Awards.**

Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive SAR Awards under the Plan, (ii) fix the number of SAR Awards to be granted to each Eligible Participant and the date or dates on which such SAR Awards shall be granted, and (iii) determine the price per Share to be payable upon the vesting of each such SAR (the "**SAR Price**") and the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and the SAR Term, the whole subject to the terms and conditions prescribed in this Plan and in any SAR Agreement.

#### **Section 6.3 SAR Price.**

The SAR Price for the Shares that are the subject of any SAR shall be fixed by the Board when

such SAR is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

#### **Section 6.4 SAR Term.**

- (1) The Board shall determine, at the time of granting the particular SAR, the period during which the SAR is exercisable, which shall not be more than ten (10) years from the date the SAR is granted ("**SAR Term**") and the vesting schedule of such SAR, which will be detailed in the respective SAR Agreement. Unless otherwise determined by the Board, all unexercised SARs shall be cancelled at the expiry of such SAR.
- (2) Should the expiration date for a SAR fall within a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth (10th) Business Day after the end of the Black-Out Period, such tenth (10th) Business Day to be considered the expiration date for such SAR for all purposes under the Plan. Notwithstanding Section 8.2 hereof, the ten (10) Business Day-period referred to in this Section 6.4 may not be extended by the Board.

#### **Section 6.5 Exercise of SARs.**

Prior to its expiration or earlier termination in accordance with the Plan, each SAR shall be exercisable as to all or such part or parts of the granted Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular SAR, may determine in its sole discretion. For greater certainty, no SAR shall be exercised by a Participant during a Black-Out Period.

#### **Section 6.6 Method of Exercise and Payment of Purchase Price.**

- (1) Subject to the provisions of the Plan, a SAR granted under the Plan shall be exercisable (from time to time as provided in Section 6.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Corporation at its registered office to the attention of the Corporate Secretary of the Corporation (or to the individual that the Corporate Secretary of the Corporation may from time to time designate) or give notice in such other manner as the Corporation may from time to time designate, no less than three (3) business days in advance of the effective date of the proposed exercise, which notice shall specify the number of Shares with respect to which the SAR is being exercised and the effective date of the proposed exercise.
- (2) The exercise of a SAR with respect to any number of Shares shall entitle the Participant to Shares equal to the excess of the Market Value of a Share on the effective date of such exercise over the per share SAR Price.
- (3) Upon the exercise, the Corporation shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to either:
  - (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to

simultaneously dispose of any such Shares); or

- (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares.

#### **Section 6.7 SAR Agreements.**

SARs shall be evidenced by a SAR Agreement or included in an Employment Agreement or Consulting Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 6 and Article 7 hereof be included therein. The SAR Agreement shall contain such terms that may be considered necessary in order that the SAR will comply with any provisions respecting stock appreciation rights in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

### **ARTICLE 7 – GENERAL CONDITIONS**

#### **Section 7.1 General Conditions applicable to Awards.**

Each Award, as applicable, shall be subject to the following conditions:

- (1) **Employment** - The granting of an Award to a Participant shall not impose upon the Corporation or a Subsidiary any obligation to retain the Participant in its employ in any capacity. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any awards in the future nor shall it entitle the Participant to receive future grants.
- (2) **Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards until the date of issuance of a share certificate or direct registration advice to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant). Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.
- (3) **Conformity to Plan** – In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (4) **Transferrable Awards** – Awards granted under this Plan shall be transferrable or assignable only to a "permitted assign" upon the death of a Participant or to an RRSP or RRIF of the Participant. For the purposes hereof, "permitted assign" means for such Participant a trustee, executor, custodian or administrator acting on behalf, or for the benefit, of the Participant.



- (5) **Restrictions on Options** – Notwithstanding anything contrary in this Plan, as long as the Shares are listed on the TSXV:
- (a) the number of Shares which may be reserved for issue pursuant to Options granted under this Plan to all Insiders shall not exceed in the aggregate 10% of the number of Shares issued and outstanding on a non-diluted basis at any point in time unless the Corporation has received disinterested shareholder approval;
  - (b) the number of Shares which may be reserved for issue pursuant to Options granted under this Plan to all Insiders within a 12 month period shall not exceed in the aggregate 10% of the number of Shares issued and outstanding on a non-diluted basis on the date of grant unless the Corporation has received disinterested shareholder approval;
  - (c) the number of Shares which may be reserved for issue pursuant to Options granted under this Plan to any one Person within a 12 month period shall not exceed in the aggregate 5% of the number of Shares issued and outstanding on a non-diluted basis on the date of grant;
  - (d) the number of Shares which may be reserved for issue pursuant to Options granted under this Plan to any one Consultant in any 12 month period shall not exceed in the aggregate 2% of the number of Shares issued and outstanding on a non-diluted basis on the date of grant; and
  - (e) the aggregate number of Options granted to Participants conducting Investor Relations Activities (as such term is defined in the policies of the TSXV) exceeding 2% of the issued and outstanding Shares of the Corporation (calculated as at the time of the grant of such Awards) in any 12-month period.
- (6) **Restrictions on RSUs, DSUs and SARs** – Notwithstanding anything contrary in this Plan, as long as the Shares are listed on the TSXV:
- (a) the number of Shares which may be reserved for issue pursuant to RSUs, DSUs and SARs granted under this Plan to all Insiders shall not exceed in the aggregate 10% of the number of Shares issued and outstanding on a non-diluted basis at any point in time unless the Corporation has received disinterested shareholder approval;
  - (b) the number of Shares which may be reserved for issue pursuant to RSUs, DSUs and SARs granted under this Plan to all Insiders within a 12 month period shall not exceed in the aggregate 10% of the number of Shares issued and outstanding on a non-diluted basis on the date of grant unless the Corporation has received disinterested shareholder approval;
  - (c) the number of Shares which may be reserved for issue pursuant to RSUs, DSUs and SARs granted under this Plan to any one Person within a 12 month period shall not exceed in the aggregate 5% of the number of Shares issued and outstanding on a non-diluted basis on the date of grant; and
  - (d) the number of Shares which may be reserved for issue pursuant to RSUs, DSUs and SARs granted under this Plan to any one Consultant in any 12 month period shall not exceed in the aggregate 2% of the number of Shares issued and

outstanding on a non-diluted basis on the date of grant.

### **Section 7.2 General Conditions applicable to Options and SARs.**

Each Option or SAR, as applicable, shall be subject to the following conditions:

- (1) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for “Cause”, any Option or SAR or the unexercised or unvested portion thereof, as applicable, when granted to such Participant shall terminate on the effective date of the termination as specified in the notice of termination. For the purposes of the Plan, the determination by the Corporation that the Participant was discharged for cause shall be binding on the Participant. “Cause” shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the any code of conduct of the Corporation (or equivalent policy) and any reason determined by the Corporation to be cause for termination.
- (2) **Death.** If a Participant dies while in his or her capacity as an Eligible Participant, any vested Option or SAR or the unexercised portion thereof, granted to such Participant may be exercised by the liquidator, executor or administrator, as the case may be, of the estate of the Participant for that number of Shares only which such Participant was entitled to acquire under the respective Options or SARs (the “**Vested Awards**”) hereof on the date of such Participant’s death. Such Vested Award shall only be exercisable within one (1) year after the Participant’s death or prior to the expiration of the original term of the Options or SARs, as applicable, whichever occurs earlier. All Options or SARs or the unexercised portion thereof, as applicable, other than such Vested Awards on the date of such Participant’s death, will be cancelled on the date of such Participant’s death.
- (3) **Disability.** Upon a Participant ceasing to be an Eligible Participant by reason of injury or disability or upon a Participant becoming eligible to receive long-term disability benefits, any Option or SAR or the unexercised portion thereof, granted to such Participant may be exercised by such Participant or his/her representative as the rights to exercise accrue. Such Option or SAR shall only be exercisable (i) within one (1) year after such cessation or (ii) prior to the expiration of the original term of the Option or SAR, whichever occurs earlier. All Options or SARs or the unexercised portion thereof, as applicable, on the date that is one (1) year after such cessation, will be cancelled on such date.
- (4) **Termination or Cessation.** In the case of a Participant ceasing to be an Eligible Participant for any reason (other than for “cause”, death or disability) the right to exercise an Option or SAR shall be limited to and shall expire on the earlier of one (1) year after the Termination Date, or the expiry date of the Award set forth in the Grant Agreement, to the extent such Award was exercisable by the Participant on the Termination Date.
- (5) **Investor Relations Activities.** Participants providing Investor Relations Activities shall only be eligible to receive Options under the Plan (and not, for greater certainty, SARs, RSUs or DSUs).

### **Section 7.3 General Conditions applicable to RSUs.**

Each RSU shall be subject to the following conditions:

- (1) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for “Cause” or the Participant’s resignation from employment with the Corporation or a Subsidiary, the

Participant's participation in the Plan shall be terminated immediately, all RSUs credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights to Shares that relate to such Participant's unvested RSUs shall be forfeited and cancelled on the Termination Date.

- (2) **Cessation of Employment.** Except as otherwise determined by the Board from time to time, at its sole discretion, upon a Participant's (i) retirement, (ii) employment with the Corporation or a Subsidiary being terminated by the Corporation or a Subsidiary for reasons other than for "cause", (iii) employment with the Corporation or a Subsidiary being terminated by reason of injury or disability or (iv) becoming eligible to receive long-term disability benefits, the Participant's participation in the Plan shall be terminated immediately and all Awards shall terminate within a period of one (1) year from the cessation of employment.
- (3) **Retirement.** In the case of a Participant's retirement, this Section 7.3(3) shall not apply to a Participant in the event such Participant, directly or indirectly, in any capacity whatsoever, alone, through or in connection with any person, carries on or becomes employed by, engaged in or otherwise commercially involved in, any activity or business in the mining industry prior to the applicable RSU Vesting Determination Date. In such event, Section 7.3(2) shall apply to such Participant.
  - (a) If, on the RSU Vesting Determination Date, the Board determines that the vesting conditions were not met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares that relate to such unvested RSUs shall be forfeited and cancelled.
  - (b) If, on the RSU Vesting Determination Date, the Board determines that the vesting conditions were met for such RSUs, the Participant shall be entitled to receive that number of Shares equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Corporation or a Subsidiary during the applicable Performance Period, if any, as of the date of the Participant's retirement, termination or Eligibility Date and the denominator of which shall be equal to the total number of months included in the applicable Performance Period, if any (which calculation shall be made on the applicable RSU Vesting Determination Date) and the Corporation shall distribute such number of Shares to the Participant as soon as practicable thereafter; the Corporation shall debit the corresponding number of RSUs from such Participant's Account, and the Participant's rights to all other Shares that relate to such Participant's RSUs shall be forfeited and cancelled after the date of retirement.
- (4) **Death.** Except as otherwise determined by the Board from time to time, at their sole discretion, upon the death of a Participant, the Participant's participation in the Plan shall be terminated immediately, provided that all unvested RSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board.
  - (a) If, on the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board, the Board determines that the vesting conditions were not

met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares (or cash or a combination of Shares and cash as permitted under this Plan) that relate to such unvested RSUs shall be forfeited and cancelled.

- (b) If, on the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board, the Board determines that the vesting conditions were met, the liquidator, executor or administrator, as the case may be, of the estate of the Participant shall be entitled to receive that number of Shares equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Corporation or a Subsidiary during the applicable Performance Period, if any, as of the date of death of the Participant and the denominator of which shall be equal to the total number of months included in the applicable Performance Period, if any (which calculation shall be made on the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board) and the Corporation shall distribute such number of Shares to the liquidator, executor or administrator, as the case may be, of the estate of the Participant as soon as practicable thereafter but no later than the end of the Restriction Period, the Corporation shall debit the corresponding number of RSUs from such deceased Participant's Account, and the Participant's right to all other Shares that relate to such deceased Participant's RSUs shall be forfeited and cancelled.
- (5) **Leave of Absence.** Except as otherwise determined by the Board from time to time, at their sole discretion, upon a Participant electing a voluntary leave of absence, the Participant's participation in the Plan shall be terminated immediately, provided that all unvested RSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date.
- (a) If, on the applicable RSU Vesting Determination Date, the Board determines that the vesting conditions were not met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares (or cash or a combination of Shares and cash as permitted under this Plan) that relate to such unvested RSUs shall be forfeited and cancelled.
  - (b) If, on the applicable RSU Vesting Determination Date, the Board determines that the vesting conditions were met, the Participant shall be entitled to receive that number of Shares equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Corporation or a Subsidiary during the relevant Performance Period, if any, as of the date the Participant elects for a voluntary leave of absence and the denominator of which shall be equal to the total number of months included in the relevant Performance Period, if any (which calculation shall be made on the applicable RSU Vesting Determination Date) and the Corporation shall distribute such number of Shares (or cash or a combination of Shares and cash as permitted under this Plan) to the Participant as soon as practicable thereafter but no later than the end of the

applicable Restriction Period, the Corporation shall debit the corresponding number of RSUs from such Participant's Account, and the Participant's right to all other Shares that relate to such Participant's RSUs shall be forfeited and cancelled.

- (c) Subject to applicable laws, the Board may decide, at their sole discretion that Section 7.3(5) should not apply to voluntary leaves granted to a Participant by the Corporation for a period of twelve (12) months or less. In such event, all unvested RSUs in such Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date.
- (6) **General.** For greater certainty, where (i) a Participant's employment with the Corporation or a Subsidiary is terminated pursuant to Section 7.3(1), Section 7.3(2) or Section 7.3(4) hereof or (ii) a Participant elects for a voluntary leave of absence pursuant to Section 7.3(5) hereof following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution or payment in respect of such RSUs, the Participant shall remain entitled to such distribution or payment.

## **ARTICLE 8 – ADJUSTMENTS AND AMENDMENTS**

### **Section 8.1 Adjustment to Shares Subject to Outstanding Awards.**

- (1) In the event of any subdivision of the Shares into a greater number of Shares at any time after the grant of an Award to a Participant and prior to the expiration of the term of such Award, the Corporation shall deliver to such Participant, at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof, in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such subdivision if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (2) In the event of any consolidation of Shares into a lesser number of Shares at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Corporation shall deliver to such Participant at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such consideration if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (3) If at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Section 8.1(1) or Section 8.1(2) hereof or, subject to the provisions of Section 8.2(3) hereof, the Corporation shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein called the "**Successor Corporation**"),

the Participant shall be entitled to receive upon the subsequent exercise or vesting of Award, in accordance with the terms hereof and shall accept in lieu of the number of Shares then subscribed for but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class or other securities of the Corporation or the Successor Corporation (as the case may be) or other consideration from the Corporation or the Successor Corporation (as the case may be) that such Participant would have been entitled to receive as a result of such reclassification, reorganization or other change of shares or, subject to the provisions of Section 8.2(3) hereof, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change of shares or the effective date of such consolidation, merger or amalgamation, as the case may be, such Participant had been the registered holder of the number of Shares to which such Participant was immediately theretofore entitled upon such exercise or vesting of such Award.

- (4) If, at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Corporation shall make a distribution to all holders of Shares or other securities in the capital of the Corporation, or cash, evidences of indebtedness or other assets of the Corporation (excluding an ordinary course dividend in cash or shares, but including for greater certainty shares or equity interests in a Subsidiary or business unit of the Corporation or one of its Subsidiaries or cash proceeds of the disposition of such a Subsidiary or business unit), or should the Corporation effect any transaction or change having a similar effect, then the price or the number of Shares to which the Participant is entitled upon exercise or vesting of Award shall be adjusted to take into account such distribution, transaction or change. The Board shall determine the appropriate adjustments to be made in such circumstances in order to maintain the Participants' economic rights in respect of their Awards in connection with such distribution, transaction or change.

#### **Section 8.2 Amendment or Discontinuance of the Plan.**

- (1) The Board may amend the Plan or any Award at any time without the consent of the Participants provided that such amendment shall:
- (a) not adversely alter or impair any Award previously granted except as permitted by the provisions of Article 8 hereof;
  - (b) be subject to any regulatory approvals including, where required, the approval of the TSXV; and
  - (c) be subject to shareholder approval, where required by law or the requirements of the TSXV, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to: amendments of a "housekeeping" nature or a change to the vesting provisions of any Award.
- (2) Notwithstanding Section 8.2(1)(c), the Board shall be required to obtain shareholder approval to make the following amendments:
- (a) any change to the maximum number of Shares issuable from treasury under the Plan, except such increase by operation of Section 2.4 and in the event of an adjustment pursuant to Article 8;

- (b) any amendment which reduces the exercise price of any Award granted to Insiders, as applicable, after such Awards have been granted or any cancellation of an Award and the substitution of that Award by a new Award with a reduced price, except in the case of an adjustment pursuant to Article 8;
- (c) any amendment which extends the expiry date of any Award, or the Restriction Period of any RSU beyond the original expiry date, except in case of an extension due to a Black-Out Period;
- (d) any amendment which would permit a change to the Eligible Participants;
- (e) any amendment to the amendment provisions of the Plan;
- (f) any amendment for which, under the requirements of the TSXV or any applicable law, shareholder approval is required,

provided that Shares held directly or indirectly by Insiders benefiting from the amendments in Sections (b) and (c) shall be excluded when obtaining such shareholder approval.

- (3) Notwithstanding anything contained to the contrary in the Plan, in a Grant Agreement contemplated herein, but subject to any specific provisions contained in any Employment Agreements or Consulting Agreements, in the event of a Change in Control, a reorganization of the Corporation, an amalgamation of the Corporation, an arrangement involving the Corporation, a take-over bid (as that term is defined in the *Securities Act* (Ontario)) for all of the Shares or the sale or disposition of all or substantially all of the property and assets of the Corporation, the Board may make such provision for the protection of the rights of the Participants as the Board in its discretion considers appropriate in the circumstances, including, without limitation, changing the Performance Criteria and/or other vesting conditions for the Awards and/or the date on which any Award expires or the Restriction Period, the Performance Period, the Performance Criteria and/or other vesting conditions for the Awards.
- (4) The Board may, by resolution, advance the date on which any Award may be exercised or payable or, subject to applicable regulatory provisions, including the rules of the TSXV, and shareholder approval, extend the expiration date of any Award, in the manner to be set forth in such resolution provided that the period during which an Option or a SAR is exercisable or RSU is outstanding does not exceed ten (10) years from the date such Option or SAR is granted in the case of Options and SARs and three (3) years after the calendar year in which the award is granted in the case of RSUs. The Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which any Option or SAR may be exercised or RSU may be outstanding by any other Participant.
- (5) The Committee may, by resolution, but subject to applicable regulatory approvals, decide that any of the provisions hereof concerning the effect of termination of the Participant's employment shall not apply for any reason acceptable to the Committee.
- (6) The Board may, subject to regulatory approval, discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely affect any Awards previously granted to a Participant under the Plan.

## **ARTICLE 9 – MISCELLANEOUS**

### **Section 9.1 Use of an Administrative Agent and Trustee.**

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Corporation and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

### **Section 9.2 Tax Withholding.**

- (1) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source and tax withholding deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Shares sold by the Corporation, the Corporation's transfer agent and registrar or any trustee appointed by the Corporation pursuant to Section 9.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Corporation, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules.
- (2) Notwithstanding the first paragraph of this Section 9.2, the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

### **Section 9.3 Reorganization of the Corporation.**

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

### **Section 9.4 Personal Information**

Each Participant shall provide the Corporation and the Board with all information they require in order to administer the Plan. The Corporation and the Board may from time to time transfer or provide access to such information to a third party service provider for purposes of the administration of the Plan provided that such service providers will be provided with such information for the sole purpose of providing such services to the Corporation. By participating in the Plan, each Participant acknowledges that information may be so provided and agrees to its provision on the terms set forth herein. Except as specifically contemplated in this Section 9.4, the Corporation and the Board shall not disclose the personal information of a Participant except: (i) in response to regulatory filings or



other requirements for the information by a governmental authority with jurisdiction over the Corporation; (ii) for the purpose of complying with a subpoena, warrant or other order by a court, person or body having jurisdiction to compel production of the information; or (iii) as otherwise required by law. In addition, personal information of Participants may be disclosed or transferred to another party during the course of, or completion of, a change in ownership of, or the grant of a security interest in, all or a part of the Corporation or its Affiliates including through an asset or share sale, or some other form of business combination, merger or joint venture, provided that such party is bound by appropriate agreements or obligations.

**Section 9.5 Governing Laws.**

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

**Section 9.6 Severability.**

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

**Section 9.7 Effective Date of the Plan.**

The Plan was approved by the Board on May 21, 2021 and takes effect immediately, subject to the acceptance of the Plan by the shareholders of the Corporation, the TSXV and any other applicable regulatory authorities.

**ADDENDUM FOR U.S. PARTICIPANTS**  
**MONARCA MINERALS INC.**  
**OMNIBUS LONG-TERM INCENTIVE PLAN**

The provisions of this Addendum apply to Awards held by a U.S. Participant. All capitalized terms used in this Addendum but not defined in Section 1 below have the meanings attributed to them in the Plan. The Section references set forth below match the Section references in the Plan. This Addendum shall have no other effect on any other terms and provisions of the Plan except as set forth below.

1. Definitions

“cause” has the meaning attributed under Section 7.2(1) of the Plan, provided however that the Participant has provided the Corporation (or applicable Subsidiary) with written notice of the acts or omissions constituting grounds for “cause” within 90 days of such act or omission and the Corporation (or applicable Subsidiary) shall have failed to rectify, as determined by the Board acting reasonably, any such acts or omissions within 30 days of the Corporation’s (or applicable Subsidiary’s) receipt of such notice.

“Code” means the United States Internal Revenue Code of 1986, as amended from time to time and the Treasury Regulations promulgated thereunder.

“Section 409A” means Section 409A of the United States Internal Revenue Code of 1986.

“Separation from Service” means, with respect to a U.S. Participant, any event that may qualify as a separation from service under Treasury Regulation Section 1.409A-1(h). A U.S. Participant shall be deemed to have separated from service if he or she dies, retires, or otherwise has a termination of employment as defined under Treasury Regulation Section 1.409A-1(h).

“Specified Employee” has the meaning set forth in Treasury Regulation Section 1.409A-1(i).

2. Expiry Date of Options

Notwithstanding anything to the contrary in Section 3.4 of the Plan or otherwise, in no event, including as a result of any Black-Out Period or any termination of employment, shall the expiration of any Option issued to a U.S. Participant be extended beyond the original expiration date if such Option has a purchase price that is less than the Market Value on the date of the proposed extension.

3. Non-Employee Directors

A non-employee director who is also a U.S. Participant and wishes to have all or any part of his or her annual retainer fees paid in the form of RSUs shall irrevocably elect such payment form by December 31 of the year prior to the calendar year during which the annual retainer fees are to be earned. Any election made under this Section 3 shall be irrevocable during the calendar year to which it applies, and shall apply to annual retainers earned in future calendar years unless and until the U.S. Participant makes a later election in accordance with the terms of this Section 3 of the Addendum. With respect to the calendar year in which a U.S. Participant becomes a non-employee director, so long as such individual has never previously been eligible to participate in any deferred compensation plan sponsored by the Corporation, such individual may make the election described in this Section 3 of the Addendum within the first 30 days of becoming eligible to participate in the Plan, but solely with respect to the portion of the annual retainer not earned before the date such election is made. Notwithstanding anything to the contrary in Article 4 of the Plan and except as otherwise set forth herein, any RSUs issued to a U.S. Participant that is a non-employee director in lieu of retainer fees

shall be settled on earlier of (i) the U.S. Participant's Separation from Service, or (ii) a Change of Control provided that such change of control event constitutes a change of control within the meaning of Section 409A.

#### 4. Settlement of RSU Awards.

(a) Notwithstanding anything to the contrary in Article 5 of the Plan and except as otherwise set forth herein, all of the vested RSUs shall be settled on earlier of (i) the date set forth in the U.S. Participant's RSU Settlement Notice which shall be no later than the fifth anniversary of the applicable RSU Vesting Determination Date, (ii) the U.S. Participant's Separation from Service, or (iii) a Change of Control provided that such change of control event constitutes a change of control within the meaning of Section 409A.

(b) Notwithstanding Section 5.6(1)(b) of the Plan, any U.S. Participant must deliver to the Corporation a RSU Settlement Notice specifying the RSU Settlement Date and form of settlement for his or her RSUs on or prior to December 31 of the calendar year prior to the calendar year of the grant; provided that, the RSU Settlement Date may be specified at any time prior to the grant date, if the RSUs require the U.S. Participant's continued service for not less than 12 months after the grant date in order to vest in such RSUs. Any such election of RSU Settlement Date shall be irrevocable as of the last date in which it is permitted to be made in accordance with the forgoing sentence. Notwithstanding the foregoing, if any U.S. Participant fails to timely submit a RSU Settlement Notice in accordance with the foregoing, then such U.S. Participant's RSU Settlement Date shall be deemed to be the fifth anniversary of the RSU Vesting Determination Date, in addition, such settlement shall be in the form of Shares, Cash Equivalent, or a combination of both as determined by the Corporation in its sole discretion.

(c) For the avoidance of doubt, Section 5.6(4) of the Plan shall not apply to any Award issued to a U.S. Participant.

#### 5. Termination of Employment

(a) Notwithstanding Section 7.3(3) of the Plan, any unvested RSUs held by a U.S. Participant that retires shall be deemed vested as of the Termination Date and shall be settled at such time as set forth in Section 3 to this Addendum.

(b) For the avoidance of doubt, in the event that a U.S. Participant dies, his or her vested Options shall expire on the earlier of the original expiry date or one hundred and eighty days after the death of such U.S. Participant.

#### 6. Specified Employee

Each grant of Awards to a U.S. Participant is intended to be exempt from or comply with Section 409A. To the extent any Award is subject to Section 409A, then

(a) all payments to be made upon a U.S. Participant's Termination Date shall only be made upon such individual's Separation from Service.

(b) if on the date of the U.S. Participant's Separation from Service the Corporation's shares (or shares of any other Corporation that is required to be aggregated with the Corporation in accordance with the requirements of Section 409A) is publicly traded on an established securities market or otherwise and the U.S. Participant is a Specified Employee, then the benefits payable to the Participant under the Plan that are payable due to the U.S. Participant's Separation from Service shall be postponed until the earlier of the originally scheduled date and six months following the U.S. Participant's Separation from Service. The postponed amount shall be paid to the U.S. Participant in

a lump sum within 30 days after the earlier of the originally scheduled date and the date that is six months following the U.S. Participant's Separation from Service. If the U.S. Participant dies during such six month period and prior to the payment of the postponed amounts hereunder, the amounts delayed on account of Section 409A shall be paid to the U.S. Participant's estate within 60 days following the U.S. Participant's death.

7. Adjustments.

Notwithstanding anything to the contrary in Article 6 of the Plan, any adjustment to an Option held by any U.S. Participant shall be made in compliance with the Code which for the avoidance of doubt may include an adjustment to the number of Shares subject thereto, in addition to an adjustment to the purchase price thereof.

8. General

Notwithstanding any provision of the Plan to the contrary, all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. If any provision of the Plan contravenes Section 409A or could cause the U.S. Participant to incur any tax, interest or penalties under Section 409A, the Board may, in its sole discretion and without the U.S. Participant's consent, modify such provision to: (i) comply with, or avoid being subject to, Section 409A, or to avoid incurring taxes, interest and penalties under Code Section 409A; and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the U.S. Participant of the applicable provision without materially increasing the cost to the Corporation or contravening Section 409A. However, the Corporation shall have no obligation to modify the Plan or any Award and does not guarantee that Awards will not be subject to taxes, interest and penalties under Section 409A. Each U.S. Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S. Participant in connection with the Plan or any other plan maintained by the Corporation (including any taxes and penalties under Section 409A), and neither the Corporation nor any Subsidiary of the Corporation shall have any obligation to indemnify or otherwise hold such U.S. Participant (or any beneficiary) harmless from any or all of such taxes or penalties.

## **SCHEDULE "B"**

### **MONARCA MINERALS INC.**

#### **AUDIT COMMITTEE CHARTER**

##### **MANDATE**

The primary mandate of the audit committee (the "Audit Committee") of the Board of Directors of the Company (the "Board") is to assist the Board in overseeing the Company's financial reporting and disclosure. This oversight includes:

- (a) reviewing the financial statements and financial disclosure that is provided to shareholders and disseminated to the public;
- (b) reviewing the systems of internal controls to ensure integrity in the financial reporting of the Company; and
- (c) monitoring the independence and performance of the Company's external auditors and reporting directly to the Board on the work of the external auditors.

##### **COMPOSITION AND ORGANIZATION OF THE COMMITTEE**

1. The Audit Committee must have at least three directors.
2. The majority of the Audit Committee members must not be executive officers, employees, control persons of the Company or any of its associates or affiliates.<sup>1</sup>
3. Every Audit Committee member must be financially literate. Financial literacy 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 reasonably be expected to be raised by the issuer's financial statements.<sup>2</sup>
4. The Board will appoint from themselves the members of the Audit Committee on an annual basis for one year terms. Members may serve for consecutive terms.
5. The Board will also appoint a chair of the Audit Committee (the Chair of the Audit Committee) for a one year term. The Chair of the Audit Committee may serve as the chair of the committee for any number of consecutive terms.
6. A member of the Audit Committee may be removed or replaced at any time by the Board. The Board will fill any vacancies in the Audit Committee by appointment from among members of the Board.

##### **MEETINGS**

7. The Audit Committee will meet at least four (4) times per year. Special meetings may be called by the Chair of the Audit Committee as required.
8. Quorum for a meeting of the Audit Committee will be two (2) members in attendance.
9. Members may attend meetings of the Audit Committee by teleconference, videoconference, or by similar communication equipment by means of which all persons participating in the meeting can communicate with each other.

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<sup>1</sup> National Instrument 52-110 *Audit Committees* section 6.1.1(3)

<sup>2</sup> National Instrument 52-110 *Audit Committees* section 1.4

10. The Audit Committee Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to Audit Committee members for members to have a reasonable time to review the materials prior to the meeting.
11. Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee. Minutes of each meeting must be distributed to members of the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

## **RESPONSIBILITIES OF THE COMMITTEE**

The Audit Committee will perform the following duties:

### **External Auditor**

- (a) select, evaluate and recommend to the Board, for shareholder approval, the external auditor to examine the Company's accounts, controls and financial statements;
- (b) evaluate, prior to the annual audit by external auditors, the scope and general extent of their review, including their engagement letter, and the compensation to be paid to the external auditors and recommend such payment to the Board;
- (c) obtain written confirmation from the external auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs;
- (d) recommend to the Board, if necessary, the replacement of the external auditor;
- (e) meet at least annually with the external auditors, independent of management, and report to the Board on such meetings;
- (f) pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services;

### **Financial Statements and Financial Information**

- (a) review and discuss with management and the external auditor the annual audited financial statements of the Company and recommend their approval by the Board;
- (b) review and discuss with management, the quarterly financial statements and recommend their approval by the Board;
- (c) review and recommend to the Board for approval the financial content of the annual report;
- (d) review the process for the certification of financial statements by the Chief Executive Officer and Chief Financial Officer;
- (e) review the Company's management discussion and analysis, annual and interim earnings or financial disclosure press releases, and audit committee reports before the Company publicly discloses this information;
- (f) review annually with external auditors, the Company's accounting principles and the reasonableness of managements judgments and estimates as applied in its financial reporting;
- (g) review and consider any significant reports and recommendations issued by the external auditor, together with management's response, and the extent to which recommendations made by the external auditors have been implemented;

### **Risk Management, Internal Controls and Information Systems**

- (a) review with the external auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls;
- (b) review adequacy of security of information, information systems and recovery plans;

- (c) review management plans regarding any changes in accounting practices or policies and the financial impact thereof;
- (d) review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements;
- (e) discuss with management and the external auditor correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure;
- (f) assisting management to identify the Company's principal business risks;
- (g) review the Company's insurance, including directors' and officers' coverage, and provide recommendations to the Board;

**Other**

- (a) review Company loans to employees/consultants; and
- (b) conduct special reviews and/or other assignments from time to time as requested by the Board.

**PROCESS FOR HANDLING COMPLAINTS REGARDING FINANCIAL MATTERS**

The Audit Committee shall establish a procedure for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, financial reporting, or auditing matters.

The Audit Committee shall ensure that any procedure for receiving complaints regarding accounting, internal controls, financial reporting, or auditing matters will allow the confidential and anonymous submission of concerns by employees.

**REPORTING**

The Audit Committee will report to the Board on:

- (a) the external auditor's independence;
- (b) the performance of the external auditor and the Audit Committee's recommendations;
- (c) regarding the reappointment or termination of the external auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (h) all other material matters dealt with by the Audit Committee.

### **AUTHORITY OF THE COMMITTEE**

The Audit Committee will have the resources and authority appropriate to discharge its duties and responsibilities. The Audit Committee may at any time retain outside financial, legal or other advisors at the expense of the Company without approval of management.

The external auditor will report directly to the Audit Committee.

### **EFFECTIVE DATE**

This Charter was implemented by the Board on **April 11, 2005.**