

# PROSPECTOR METALS CORP.

**2022**

**ANNUAL GENERAL AND SPECIAL  
MEETING**

Notice of Annual General and Special  
Meeting of Shareholders

Information Circular

**Place:**

Offices of Prospector Metals Corp., Suite  
1430-800 West Pender St., Vancouver, BC  
V6C 2V6

**Time:**

11:00 a.m. PST

**Date:**

Wednesday, June 29, 2022

# PROSPECTOR METALS CORP.

## **CORPORATE DATA**

### *Head Office*

Suite 1430, 800 West Pender Street  
Vancouver, BC V6C 2V6

### *Directors and Officers*

Alex Heath, President, CEO, Director  
Craig Roberts, Director and Co-Chairman  
Robert Carpenter, Director and Co-Chairman  
Robert Scott, Chief Financial Officer  
Hendrik Van Alphen, Director  
Michael Murphy, Director  
Danica Topolewski, Corporate Secretary  
Joanne Price, VP Exploration

### *Registrar & Transfer Agent*

TSX Trust Company  
Suite 2700, 650 West Georgia Street  
Vancouver, BC V6B 4N9

### *Solicitors*

Blake, Cassels & Graydon LLP  
595 Burrard Street, Suite 2600  
Vancouver, BC V7X 1L3

### *Auditors*

Davidson & Company LLP  
1200-609 Granville Street  
Vancouver, BC V7Y 1G6

### *Listing*

TSX Venture Exchange  
Tier 2: PPP

OTCQB: ETHOD

FRANKFURT: 1ET

**PROSPECTOR METALS CORP.**  
#1430-800 West Pender St.  
Vancouver, British Columbia V6A 0A2  
Telephone: (604) 638-8063

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**

**TO THE SHAREHOLDERS:**

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the “**Meeting**”) of shareholders of Prospector Metals Corp. (the “**Company**”) will be held the offices of the Company, #1430-800 West Pender Street, Vancouver, British Columbia, V6A 0A2, on Wednesday June 29, 2022, at the hour of 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive the audited financial statements of the Company for the fiscal years ended December 31, 2020 and December 31, 2021, and the accompanying report of the auditors;
2. to set the number of directors of the Company at four (4);
3. to elect Alex Heath, Craig Roberts, Michael Murphy and Robert Carpenter as directors of the Company;
4. to appoint Davidson & Company LLP, Chartered Professional Accountants, as the auditors of the Company for the fiscal year ending December 31, 2022 and to authorize the directors of the Company to fix the remuneration to be paid to the auditors for the fiscal year ending December 31, 2022;
5. to consider and, if thought fit, to approve the Company’s 2022 Omnibus Incentive Plan including the reservation of shares for issuance thereunder; and
6. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The accompanying management information circular (the “**Information Circular**”) provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of Meeting (the “**Notice of Meeting**”).

The Company’s board of directors has fixed May 24, 2022 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

In view of the current and rapidly evolving COVID-19 outbreak, the Company asks that, in considering whether to attend the Meeting in person, shareholders follow the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>). The Company encourages shareholders not to attend the Meeting in person if experiencing any of the described COVID-19 symptoms of fever, cough or difficulty breathing. The Company may take additional precautionary measures in relation to the Meeting in response to further developments in the COVID-19 outbreak.

The Company encourages shareholders to vote prior to the Meeting. Shareholders are encouraged to vote on the matters before the Meeting by proxy.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please vote by proxy by following the instructions provided in the form of proxy at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of the Meeting or any adjournment or postponement thereof.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, or a trustee or administrator of a retirement savings plan, retirement income fund, education savings plan or other similar savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing, that holds your securities on your behalf (each, an “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

**DATED** at Vancouver, British Columbia, this 31<sup>st</sup> day of May, 2022.

By Order of the Board of Directors of

**PROSPECTOR METALS CORP.**

*“Alex Heath”*

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Alex Heath

Chief Executive Officer and Director

**PROSPECTOR METALS CORP.  
SUITE 1430, 800 WEST PENDER STREET  
VANCOUVER, BC V6C 2V6  
TELEPHONE: 604.638.8063**

**INFORMATION CIRCULAR**

(as at May 24, 2022, unless indicated otherwise)

**SOLICITATION OF PROXIES**

This Information Circular and the accompanying documents (the “Meeting Materials”) are furnished in connection with the solicitation of proxies by the management of Prospector Metals Corp. (the “Company”) for use at the Annual General and Special Meeting of Shareholders of the Company to be held on Wednesday, June 29, 2022 (the “Meeting”) and any adjournment thereof at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of the Company. All costs of solicitation will be borne by the Company.

**APPOINTMENT AND REVOCATION OF PROXIES**

The individuals named in the accompanying form of proxy are directors and/or officers of the Company. **A 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 INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES OR BY COMPLETING ANOTHER FORM OF PROXY.** To be valid, a proxy must be in writing and executed by the shareholder or its attorney authorized in writing, unless the shareholder chooses to complete the proxy by the internet as described in the enclosed proxy form. Completed proxies must be received by TSX Trust Company, Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, ON M5H 4H1 (fax: 416.595.9593), before Monday, June 27, 2022 at 11:00 a.m. PST, or, at the discretion of the Chairman of the Meeting, delivered to the Chairman of the Meeting prior to the commencement of the Meeting or prior to any re-commencement of the Meeting after an adjournment.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, 2600 – 595 Burrard Street, Vancouver, BC, V7X 1L3, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, 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.

**INFORMATION FOR BENEFICIAL HOLDERS OF SHARES**

The shares owned by many shareholders of the Company are not registered on the records of the Company in the shareholders’ own names, but in the name of a securities dealer, bank or other intermediary, or in the name of a clearing agency (referred to in this Information Circular as an “intermediary” or “intermediaries”). Shareholders who do not hold their shares in their own names (referred to in this Information Circular as “beneficial holders”) should note that only registered shareholders may vote at the

Meeting. A beneficial holder cannot be recognized at the Meeting for the purpose of voting his or her shares unless he is appointed by the intermediary as a proxyholder.

Applicable regulatory policy requires intermediaries to seek voting instructions from beneficial shareholders. Every intermediary has its own procedures to seek those instructions. Beneficial shareholders should follow those procedures carefully to ensure that their shares are voted at the Meeting.

The majority of brokers in Canada have delegated authority for obtaining instructions from clients to Broadridge Investor Communication Solutions, Canada ("Broadridge"). Broadridge typically applies a special sticker to the proxy forms, or alternatively, prepares a separate "voting instruction" form, mails those forms to beneficial holders, and asks beneficial holders to return the proxy or voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions for voting at the Meeting. A beneficial holder who receives a proxy bearing a Broadridge sticker or a voting instruction form cannot deposit that proxy or form on the Meeting date to vote common shares at the Meeting. The proxy or form must be returned to Broadridge in advance of the Meeting in order to allow the shares to be voted by the named proxyholder at the Meeting.

In addition to those procedures, National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") allows a non-objecting beneficial holder ("NOBO") to submit to the Company or an applicable intermediary any document in writing that requests that such NOBO or its nominee be appointed as the NOBO's proxyholder. If such a request is received, the Company or the intermediary, as applicable, must arrange, without expense to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Information Circular, provided that the Company or the intermediary receives such written instructions at least one business day prior to the time at which proxies are to be submitted for use at the Meeting; accordingly, any such request must be received by 11:00 a.m. PST on Monday, December 14, 2020.

An objecting beneficial owner ("OBO") is a beneficial holder who has provided instructions to an intermediary holding common shares in an account on behalf of the OBO that the OBO objects to the intermediary disclosing the OBO's name, address and share ownership information to the Company to allow the Company to send shareholder materials to the OBO. The Company does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and an OBO will not receive those materials unless the OBO's intermediary assumes the cost of delivery.

**IF YOU ARE A BENEFICIAL SHAREHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT WELL IN ADVANCE OF THE MEETING TO DETERMINE HOW YOU CAN DO SO.**

#### **EXERCISE OF DISCRETION**

Shares represented by proxy are entitled to be voted on a show of hands or any poll and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the shares will be voted or withheld from voting in accordance with the specification so made.

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

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to 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 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 Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

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

Other than as set forth herein, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company since the commencement of the Company's last completed financial year, or of any proposed nominee for election as a director of the Company, or of any associate or affiliate of any of such persons, in any manner to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

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

As at May 24, 2022, the Company has issued and outstanding 54,767,962 fully paid and non-assessable common shares, each share carrying the right to one vote. **THE COMPANY HAS NO OTHER CLASSES OF VOTING SECURITIES.**

Any shareholder of record at the close of business on May 24, 2022 who either personally attends the Meeting or who has 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 his or her shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, there are no persons or companies who beneficially own, or control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company.

### **ELECTION OF DIRECTORS**

The board of directors of the Company (the "Board") presently consists of five directors and it is intended to elect four directors for the ensuing year. The term of office of each of the present directors expires at the Meeting. At the Meeting, management intends to nominate for re-election incumbent directors Alex Heath, Craig Roberts, Michael Murphy and Robert Carpenter.

The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company (the "**Articles**"), or with the provisions of the *Business Corporations Act* (British Columbia) (the "Act").

As at May 31, 2022, the members of the Audit Committee of the Company are Alex Heath (Chair), Robert Carpenter and Michael Murphy, the members of the Compensation Committee of the Company are Michael Murphy (Chair), Craig Roberts and Robert Carpenter, the members of the Corporate Governance Committee of the Company are Alex Heath (Chair), Craig Roberts and Michael Murphy and the members of the Disclosure Committee are Robert Carpenter (Chair), Alex Heath and Craig Roberts.

The following table sets out the names of the nominees for election as directors, the province or state and the country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company, and the number of common shares of the Company beneficially owned by each, or controlled or directed, directly or indirectly, as at the date hereof.

<b>Name, Position, Province/State and Country of Residence<sup>(1)(2)</sup></b>	<b>Principal Occupation or Employment<sup>(1)</sup></b>	<b>Period as a Director of the Company</b>	<b>No. of Shares<sup>(1)</sup></b>
<b>ALEX HEATH</b> President, CEO and Director, Resident of BC, Canada	President, Chief Executive Officer and Director of the Company. President of Howe Street Capital Corp., a corporate finance consulting firm.	May 20, 2021 <sup>(3)</sup> to date	<b>199,999</b> <sup>(4)</sup>
<b>CRAIG ROBERTS</b> Director, Co-Chairman Resident of BC, Canada	Director and co-chairman of the Company. President and beneficial owner of Flotsam Cove Holdings Ltd., a corporate finance consulting firm.	May 12, 2016 <sup>(5)</sup> to date	<b>1,822,235</b> <sup>(6)</sup>
<b>MICHAEL MURPHY</b> Director Resident of BC, Canada	Director of the Company; President, Chief Executive Officer and Director of Global Battery Metals Ltd.; President of Woodman Capital Ltd., a corporate finance consulting firm.	June 26, 2018 <sup>(7)</sup> to date	<b>239,000</b>
<b>ROBER CARPENTER</b> Director, Co-Chairman Resident of Ontario, Canada	Director and co-chairman of the Company. Self employed professional geologist.	March 2, 2022 <sup>(8)</sup> to date	<b>1,838,889</b>

**Notes:**

- (1) The information as to province/state and country of residence, principal occupation and shares beneficially owned is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) None of the proposed nominees for election as a director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.
- (3) Mr. Heath was appointed as President on November 5, 2020 and as a director and CEO on May 20, 2021.
- (4) 166,666 of these shares are held by Howe Street Capital Corp., a company wholly owned and controlled by Mr. Heath.
- (5) Mr. Roberts was appointed a director on May 12, 2016, President and Chief Executive Officer on February 13, 2018 and resigned as President on November 5, 2020 and resigned as CEO on May 20, 2021.
- (6) 589,834 of these shares are owned by Flotsam Cove Holdings Ltd., a private company wholly owned and controlled by Mr. Roberts.
- (7) Mr. Murphy was appointed as a director on June 26, 2018.
- (8) Mr. Carpenter was appointed as a director on March 2, 2022.

**Orders and Bankruptcies**

None of the proposed nominees for election as a director of the Company:

- (a) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, which order was in effect for a period of more than 30 consecutive days (an "Order") that was issued while the



proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

- (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Penalties and Sanctions**

None of the proposed nominees for election as a director of the Company have been subject to: any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or 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.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Company's shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Company believes that its corporate governance practices ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value.

The Company has reviewed its own corporate governance practices in light of the guidelines contained in National Policy 58-201 – *Corporate Governance Guidelines*. The Company's practices comply generally with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore those guidelines have not been adopted. Set out below is a description of the Company's corporate governance practices as required by National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

### **Board of Directors**

Pursuant to National Instrument 52-110 – *Audit Committees* ("NI 52-110"), a director is independent if the director has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the Company by virtue of their position or relationship with the Company. The Board will be comprised of four members, the following two of whom are independent under NI 52-110: Michael Murphy and Robert Carpenter.

The Company is relying on the exemption which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## Directorships

The following table sets out details of directorships held by each of the current directors of the Company in other public issuers:

<b>Name of Director</b>	<b>Name of Issuer</b>
Alex Heath	Asante Gold Corporation
Craig Roberts	Global Battery Metals Ltd. CopperCorp Resources Inc. Nevada King Gold Corp.
Michael Murphy	Global Battery Metals Ltd.

## Orientation and Continuing Education

The Company does not have a formal orientation and continuing education program. When a new director is added, he or she will be given the opportunity to become familiar with the Company by meeting with the other directors and with the officers and representatives of the Company. It is the personal responsibility and duty of each director to become familiar with the operations and policies of the Company and to monitor the same as they may change over time.

## Ethical Business Conduct

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

## Nomination of Directors

The directors of the Company have not appointed a nominating committee. Rather, the directors of the Company as a whole are responsible for identifying and recommending new candidates, having regard to the appropriate number of directors of the Company and the necessary competencies and skills of the directors as a whole and of each director individually. New nominees should have a track record in general business management, special expertise in areas of strategic interest to the Company and the ability to devote the time required.

## Compensation

A Compensation Committee has been established by the directors of the Company, the current members of which are Michael Murphy (Chair), Craig Roberts and Robert Carpenter. Michael Murphy and Robert Carpenter are considered independent within the meaning of NI 52-110. Craig Roberts is not considered independent as he was the Chief Executive Officer of the Company within the last three years.

The Compensation Committee of the Board operates under a written charter that sets out its responsibilities. The charter for the Compensation Committee of the Board is attached to this Information Circular as Appendix 1.

## **Other Board Committees**

The Board has established a Corporate Governance Committee, the current members of which are Alex Heath (Chair), Craig Roberts and Michael Murphy.

The Corporate Governance Committee was formed to oversee the development and regularly assess the Company's approach to corporate governance issues and to ensure that such approach supports the effective functioning of the Company with the shareholders' best interests in mind, as well as to foresee the effective communication between the Board and Company management. The Corporate Governance Committee may also recommend to the Board candidates for appointment to the Board.

## **Assessments**

The Board does not conduct any formal evaluation of the performance and effectiveness of individual directors, the Board as a whole or any committee of the Board. However, from time to time, the members of the Board may meet to review the effectiveness of the Board as a whole, as well as the effectiveness of its committees and may discuss if it would be in the best interests of the Company and its shareholders to have any reorganization take place.

## **AUDIT COMMITTEE**

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

The text of the Company's Audit Committee Charter is attached as Appendix 2 to this Information Circular.

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

As of May 31, 2022, the members of the Audit Committee are Alex Heath (Chair), Michael Murphy and Robert Carpenter. Each of the current and proposed members of the Audit Committee is independent with the exception of Alex Heath who is not considered independent as he is the Chief Executive Officer of the Company. Each member is financially literate within the meaning of Section 1.5 of NI 52-110 in that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### **Audit Committee Oversight**

At no time since the commencement of the Company's two most recently completed financial years did the Board decline to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

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

All of the current Audit Committee members are businessmen with experience in financial matters and each has a broad understanding of accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles. In addition, each of the current members of the Audit Committee has knowledge of the role of an audit committee in the realm of reporting companies from their respective years of experience as directors.

#### ***Alex Heath – Chairman of the Audit Committee***

Mr. Heath is experienced in investment banking and has provided equity financing and financial advisory services to corporate and individual clients including public and private equity offerings. Mr. Heath's

business knowledge and experience has provided him with an understanding of financial reporting sufficient to enable him to act as chair of the Audit Committee. Mr. Heath holds a Bachelor of Commerce Degree from the Sauder School of Business at UBC and is a CFA charter holder.

*Michael Murphy*

Mr. Murphy is a director of the Company, President, CEO and a director of Global Battery Metals Ltd., the Executive Chairperson of Battery Metals Streaming Corp, the founder and past director of Torex Gold Inc. and President of Woodman Capital Ltd., a private consulting company. Mr. Murphy previously spent 15 years working in institutional equities in London, with Merrill Lynch, Donaldson, Lufkin & Jenrette and Credit Suisse, where he managed the hedge fund coverage team. Mr. Murphy graduated from the London School of Economics and Political Science with a Master of Science in Finance and from Saint Mary's University with a Master of Business Administration. Mr. Murphy holds a BA from the University of British Columbia and has also completed a director's education course at the Institute of Corporate Directors. Accordingly, the Board believes that Mr. Murphy has the relevant experience to serve as a member of the Audit Committee.

*Robert Carpenter*

Mr. Carpenter is a self-employed mining engineer and professional geologist with over 30 years of corporate and technical mineral exploration experience for junior and major mining companies. Mr. Carpenter's experience has provided him with an understanding of financial reporting sufficient to enable him to act as a member of the Audit Committee. Mr. Carpenter holds a Ph.D. from Western University, London, Ontario.

The Audit Committee intends to meet four times a year to review the quarterly and annual audited financial statements.

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's two most recently completed financial years has the Company relied on an exemption under section 2.4, 6.1.1(4), (5) or (6), or granted under Part 8 of NI 52-110.

**Pre-Approval Policies and Procedures**

As at the date of this Information Circular, the Audit Committee has not adopted any specific policies or procedures for the engagement of non-audit services.

**External Auditor Service Fees**

*Audit-Related Fees*

The aggregate fees billed by the Company's external auditor in each of the last two fiscal years for additional services related to the performance of the audit or review of the Company's financial statements were \$384.30 for the fiscal year ended December 31, 2020 and \$506.30 for the fiscal year ended December 31, 2021.

*Tax Fees*

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning were \$12,562.50 for the fiscal year ended December 31, 2020 and will be approximately \$15,000 for the fiscal year ended December 31, 2021. These professional services relate to the preparation of the Company's T-2 corporate income tax return and the General Index of Financial Information required by the CRA.

### *All Other Fees*

During the fiscal years ended December 31, 2020 and December 31, 2021, there were no other fees billed by the external auditors.

### **Exemption for Venture Issuers**

As a venture issuer, the Company is exempt from the provisions of NI 52-110 that would otherwise require its audit committee to be constituted in accordance with Part 3 of NI 52-110, and the Company to provide comprehensive disclosure about the members of its audit committee.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Oversight and Description of Director and Officer Compensation**

The Compensation Committee considers the compensation, including grants of equity-based compensation, to be paid to directors and officers of the Company and makes recommendations to the Board for consideration. The Board then determines the compensation to be paid, and also reviews the President and CEO's recommendations respecting the compensation of consultants of the Company to ensure such compensation reflects the responsibilities and risks associated with each position. Compensation of the directors and officers, including the Named Executive Officers (as defined below under "Director and Named Executive Officer Compensation") is reviewed by the Compensation Committee and the Board on an annual basis.

When determining the compensation of the management team, the Compensation Committee and the Board considers, among other things: (i) providing fair and competitive compensation to ensure compensation appropriately reflects the responsibilities assumed by the officer; (ii) balancing the interests of management and the shareholders of the Company; and (iii) rewarding performance with respect to operations in general. The Company does not use benchmarking as a methodology for compensation decisions.

In order to achieve these objectives, the following factors are considered when determining the compensation paid to management: (i) remuneration for services performed for the benefit of the Company; (ii) consulting fees for services rendered in respect of their duties as part of management, and (iii) long term incentive in the form of stock options, RSU's and PSU's. When reviewing the compensation of consultants of the Company, the directors of the Company as a whole consider how individuals are critical to the growth and success of the Company.

The Board delegates responsibility to the Compensation Committee to review, identify and mitigate risks associated with its compensation policies and ensure that the Company's executive compensation policies are designed not to encourage a Named Executive Officer or an individual to take inappropriate or excessive risks in order to achieve individual short-term compensation objectives or outcomes that are not consistent with the long-term interests of the Company's shareholders. To achieve this, the Compensation Committee ensures that the variable elements of the Company's compensation policies are structured, based on personal and corporate objectives, none of which have the effect of encouraging excessive risk taking. The Company makes use of stock options, RSU's and PSU's as part of its Equity Incentive Plan. The deferred nature of this compensation method does not, in the Committee's view, promote excessive risk taking. Accordingly, the Compensation Committee has not identified any risks arising from its compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Named Executive Officers and directors are permitted to purchase financial instruments, including, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly,

by the Named Executive Officer or director. All such purchases are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders.

The Equity Incentive Plan component of the Company's executive compensation program is intended to encourage and reward outstanding performance over the short-term and long-term, and to align the interests of the Company's senior officers with those of its shareholders. Options and RSU's are awarded to Named Executive Officers by the Board based upon recommendations of the Compensation Committee which bases its decisions upon the level of responsibility and contribution of the individuals towards the Company's goals and objectives. The Compensation Committee also takes into consideration the amount and terms of outstanding stock options, RSU's and PSU's in determining its recommendations regarding the options to be granted during any fiscal year. The stock option, RSU and PSU components of executive compensation acts as an incentive for the Company's Named Executive Officers to work to enhance the Company's value over the long-term, and to remain with the Company.

The Company pays consulting fees to the Named Executive Officers relating to management services provided to the Company. For a description of all significant compensation paid to the Named Executive Officers see "Employment, Consulting and Management Agreements" below.

A Compensation Committee has been established by the directors of the Company, as at May 31, 2022 the members are Michael Murphy (Chair), Craig Roberts and Robert Carpenter. Robert Carpenter and Michael Murphy are considered independent within the meaning of NI 52-110. Craig Roberts is not considered independent as he was the Chief Executive Officer of the Company within the last three years. The Compensation Committee operates under its written charter attached to this Information Circular as Appendix 1.

The members of the Compensation Committee do not have direct experience that is relevant to their responsibilities in executive compensation. However, each Committee member has skills and experiences that enable him to make decisions on the suitability of the compensation policies and practices of the Company as set out under "Audit Committee – Relevant Education and Experience".

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

The following table sets forth details of all compensation, excluding compensation securities, paid by the Company or any subsidiary thereof to the Chief Executive Officer and the Chief Financial Officer (the "Named Executive Officers" or "NEOs") and each director of the Company for the two most recently completed financial years ended December 31, 2021 and December 31, 2020. Each of Alex Heath, Chief Executive Officer, Craig Roberts, former Chief Executive Officer, Robert Scott, Chief Financial Officer and Scott Kelly, former Chief Financial Officer and Corporate Secretary is or was a NEO of the Company during the fiscal years ended December 31, 2021 and December 31, 2020 for purposes of this disclosure. There were no other executive officers of the Company, or any of its subsidiaries, whose total compensation was, individually, more than \$150,000 for the financial years ended December 31, 2021 and December 31, 2020.

Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Alex Heath</b> <sup>(1)</sup> <i>Chief Executive Officer, President and Director</i>	2021 2020	\$205,403 <sup>(1)</sup> \$125,000 <sup>(1)</sup>	Nil Nil	Nil Nil	Nil Nil	Nil Nil	\$205,403 \$125,000
<b>Craig Roberts</b> <sup>(2)</sup> <i>Director and Former Chief Executive Officer</i>	2021 2020	\$240,000 <sup>(2)</sup> \$120,000 <sup>(2)</sup>	Nil Nil	Nil Nil	Nil Nil	Nil Nil	\$240,000 \$120,000
<b>Robert Scott</b> <sup>(3)</sup> <i>Chief Financial Officer</i>	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Hendrik Van Alphen</b> <sup>(4)(5)</sup> <i>Director</i>	2021 2020	Nil <sup>(4)</sup> \$9,600 <sup>(4)</sup>	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil \$9,600
<b>Michael Murphy</b> <sup>(6)</sup> <i>Director</i>	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Robert Carpenter</b> <i>Director</i> <sup>(7)</sup>	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Melvin Herdrick</b> <sup>(4)</sup> <i>Former Director</i>	2021 2020	Nil \$93,290 <sup>(4)(8)</sup>	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil \$93,290
<b>Scott Kelly</b> <sup>(9)</sup> <i>Former Chief Financial Officer and Former Corporate Secretary</i>	2021 2020	\$5,000 <sup>(9)</sup> \$40,500 <sup>(9)</sup>	Nil Nil	Nil Nil	Nil Nil	Nil Nil	\$5,000 \$40,500

- (1) The compensation was paid to Howe Street Capital Corp., a company wholly owned by Mr. Heath for consulting services provided to the Company. Mr. Heath was appointed as President on November 5, 2020 and as a director and CEO on May 20, 2021.
- (2) The compensation was paid to Flotsam Cove Holdings Ltd., a company wholly owned by Mr. Roberts for consulting services provided to the Company. Mr. Robert was appointed a director on May 12, 2016, President and Chief Executive Officer on February 13, 2018 and resigned as President on November 5, 2020 and resigned as CEO on May 20, 2021
- (3) Mr. Scott was appointed as CFO on April 1, 2021.
- (4) Director's fees.
- (5) Mr. Van Alphen is not standing for re-election.
- (6) Mr. Murphy was appointed as a Director on June 26, 2018.
- (7) Mr. Carpenter was appointed as a Director on March 2, 2022.
- (8) The compensation was paid to Mr. Herdrick for consulting fees provided to the Company. Consulting fees were paid to Mr. Herdrick in US dollars and converted to Canadian dollars using the average exchange rate for the period. Mr. Herdrick resigned as a director December 17, 2020.
- (9) The compensation was paid to Taureg Consulting Inc., a company wholly owned by Mr. Kelly for consulting services provided to the Company. Mr. Kelly resigned as CFO on April 1, 2021.

The above transactions were incurred in the normal course of operations and are recorded at the exchange amount, being the amount agreed upon by the related parties. The Company compensates its Named Executive Officers and Directors on a fee for service basis.

The Company has a Directors' and Officers' Insurance Policy, which includes \$5 million in coverage at an annual premium of \$19,000.

## Stock Options and Other Compensation Securities

### Compensation Securities

The following table sets forth details of all awards outstanding for the Named Executive Officers and Directors at the end of the two most recently completed financial years, including awards granted to the Named Executive Officers and Directors in prior years. No options were exercised by any Director or Named Executive Officer during the financial years ended December 31, 2021 and December 31, 2020.

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)(2)(3)</sup>	Option Exercise Price	Option Grant Date	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry Date
<b>Alex Heath</b> <sup>(4)</sup> Chief Executive Officer, President and Director	Stock option	1,000,000	\$0.22	Nov 5/20	\$0.22	\$0.36	Nov 5/25
		1,000,000	\$0.225	May 20/21	\$0.225		May 20/26
		250,000 17.5%	\$0.26	Oct 8/21	\$0.26		Oct 8/26
<b>Craig Roberts</b> <sup>(5)</sup> Co-Chairman and Director	Stock option	450,000	\$0.25	Oct 28/21	\$0.26	\$0.36	Oct 21/26
		400,000	\$0.225	May 20/21	\$0.225		May 20/26
		1,000,000	\$0.22	Nov 5/20	\$0.22		Nov 5/25
		100,000	\$0.20	May 31/19	\$0.20		May 31/24
		575,000 19.6%	\$0.17	June 26/18	\$0.175		June 26/23
<b>Robert Scott</b> <sup>(6)</sup> Chief Financial Officer	Stock option	100,000	\$0.225	May 20/21	\$0.225	\$0.36	May 20/26
		50,000 1.2%	\$0.26	October 8/21	\$0.26		Oct 8/26
<b>Michael Murphy</b> <sup>(7)</sup> Director	Stock option	500,000	\$0.17	June 26/18	\$0.17	\$0.36	June 26/23
		100,000	\$0.20	May 31/19	\$0.20		May 31/24
		250,000	\$0.22	Nov 5/20	\$0.22		Nov 5/25
		400,000	\$0.225	May 20/21	\$0.225		May 20/26
		400,000 12.8%	\$0.26	Oct 8/21	\$0.26		Oct 8/26
<b>Robert Carpenter</b> <sup>(8)</sup> Director	Stock option	Nil	N/A	N/A	N/A	\$0.36	N/A
<b>Hendrik Van Alphen</b> <sup>(9)</sup> Director	Stock option	500,000	\$0.17	June 26/18	\$0.17	\$0.36	June 26/23
		250,000	\$0.22	Nov 5/20	\$0.22		Nov 5/25
		400,000	\$0.225	May 20/21	\$0.225		May 20/26
		400,000 12.1%	\$0.26	Oct 8/21	\$0.26		Oct 8/26
<b>Scott Kelly</b> <sup>(10)</sup> Former Chief Financial Officer and Corporate Secretary	Stock option	150,000	\$0.17	June 26/18	\$0.17	\$0.36	June 26/23
		50,000 1.2%	\$0.22	Nov 5/20	\$0.22		Nov 5/25
<b>Melvin Herdick</b> <sup>(11)</sup> Former Director	Stock option 8.1%	250,000	\$0.20	Dec 3/17	\$0.20	\$0.36	Dec 3/22
		750,000 12.8%	\$0.17	June 26/18	\$0.17		June 26/23

Notes:

- (1) The number of underlying securities for each issuance is equal to the number of compensation securities.  
(2) All options are fully vested.



- (3) Percentage of class ownership is calculated by dividing the NEO or Director's total option holding by the total number of options outstanding as at December 31, 2021.
- (4) Mr. Heath had 2,250,000 options outstanding as of December 31, 2021, entitling him to acquire, upon exercise, an equal amount of Common Shares.
- (5) Mr. Roberts had 2,525,000 options outstanding as of December 31, 2021, entitling him to acquire, upon exercise, an equal amount of Common Shares.
- (6) Mr. Scott had 150,000 options outstanding as of December 31, 2021, entitling him to acquire, upon exercise, an equal amount of Common Shares.
- (7) Mr. Murphy had 1,650,000 options outstanding as of December 31, 2021, entitling him to acquire, upon exercise, an equal amount of Common Shares.
- (8) Mr. Carpenter had Nil options outstanding as of December 31, 2021.
- (9) Mr. Van Alphen had 1,550,000 options outstanding as of December 31, 2021, entitling him to acquire, upon exercise, an equal amount of Common Shares.
- (10) Mr. Kelly had Nil options outstanding as of December 31, 2021.
- (11) Mr. Herdrick had Nil options outstanding as of December 31, 2021.

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

No compensation securities were exercised by a director or NEO during the two most recently completed financial years.

#### **Share Option Plan**

The Company currently has in place a Share Option Plan dated for reference June 22, 2010 (the "Plan") for the benefit of directors, officers, employees, management company employees and consultants of the Company. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine. The key features of the Plan are as follows:

- (a) the maximum aggregate number of common shares that may be reserved for issuance under the Plan and all other share compensation arrangements of the Company is 10% of the issued and outstanding common shares of the Company at the time of grant;
- (b) if the common shares of the Company are listed for trading on the TSX Venture Exchange (the "TSXV"), the following restrictions on issuances of options are applicable under the Plan:
  - (i) no optionee can be granted an option if that option would result in the total number of options, together with all other share compensation arrangements granted to such optionee in the previous 12 months, exceeding 5% of the issued and outstanding common shares of the Company (unless disinterested shareholder approval is obtained);
  - (ii) the aggregate number of options granted to optionees conducting investor relations activities in any 12-month period must not exceed 2% of the issued and outstanding common shares of the Company, without the prior consent of the TSXV; and
  - (iii) the aggregate number of options granted to any one consultant in any 12-month period must not exceed 2% of the issued and outstanding common shares of the Company, calculated at the time of grant, without the prior consent of the TSXV;
- (c) if the common shares of the Company are listed for trading on the Toronto Stock Exchange (the "TSX"), then, notwithstanding anything in the Plan to the contrary, the aggregate number of common shares that may be issued to insiders of the Company pursuant to options granted under the Plan and under any other share compensation arrangement within any one-year period, must not exceed 10% of the issued and outstanding common shares of the Company;
- (d) the exercise price of an option issued under the Plan is determined by the directors, but cannot be less than the closing market price of the Company's shares on the day preceding the date of granting of the option less any available discount, if the common shares of the Company are listed for trading on the TSXV, or the market price the day before the grant of the common shares as

reported by the TSX at the time such option is granted, if such shares are listed for trading on the TSX;

- (e) the term of each option will be determined by the Board, provided that, an option can only be exercisable for a maximum of ten years;
- (f) notwithstanding item (e) above, if the expiry date of an option occurs:
  - (i) within a Blackout Period (as defined in the Plan), the expiry date will be extended to the date which is ten business days after expiry of the Blackout Period; or
  - (ii) immediately following a Blackout Period, the expiry date will be extended to the date which is ten business days after expiry of the Blackout Period less the number of business days between the expiry date of the option and the date on which the Blackout Period ends;
- (g) options may terminate prior to expiry of the option term in the following circumstances:
  - (i) on death of an optionee, any option held by such optionee at the date of death may be exercised by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the expiry date otherwise applicable to such option;
  - (ii) if the common shares are listed for trading on the TSXV, then options granted to an optionee may be exercised until the earlier of 90 days after the date the optionee ceases to be a director, officer, employee, management company employee or consultant or such longer time period as the Board may determine, to a maximum of twelve months, and the expiry date otherwise applicable to such option;
  - (iii) if the common shares are listed for trading on the TSX, then, except as otherwise expressly approved by the Board for the specific option in question, options granted to an optionee may be exercised until the earlier of one year after the date the optionee ceases to be a director, officer, employee, management company employee or consultant and the expiry date otherwise applicable to such option; and
  - (iv) in the case of an optionee being dismissed from employment or service for cause, the options held by such optionee, whether or not vested at the date of dismissal, will terminate immediately on the date the optionee ceased to be a director, officer, employee, management company employee or consultant;
- (h) an option may expire on such earlier date or dates as may be fixed by the Board, subject to earlier termination in the event the optionee ceases to be eligible under the Plan by reason of death, retirement or otherwise.

The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding share capital as at the date of grant. This is a "rolling" plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. The Plan was previously approved by the Directors and was first approved by the shareholders of the Company at the Annual General and Special Meeting held on June 22, 2010. As discussed below under the heading "*Particulars of Matters to be Acted Upon – Approval of Omnibus Incentive Plan*" the Company will not be renewing the Plan at the Meeting and will instead be seeking shareholder approval for the implementation of a new omnibus equity incentive plan which permits the issuance of a fixed number of shares upon the exercise of stock options and the settlement of share units equal to 20% of the Company's issued and outstanding shares (after taking into account the number of stock options currently outstanding under the Plan. See "*Particulars of Matters to be Acted Upon – Approval of Omnibus Incentive Plan*" for more information.

### **External Management Companies**

The following NEOs of the Company, Alex Heath and Robert Scott are not employees of the Company.

The Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or directors of the Company and the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company other than as follows:

On May 24, 2021, the Company entered into an Executive Consulting Agreement with Howe Street Capital Corp., (the "**Howe St. Agreement**") pursuant to which Howe Street Capital Corp., through its principal Alex Heath, has agreed to provide certain management services to the Company, including, without limitation, acting as CEO of the Company (collectively, the "**Services**"). As consideration for the Services to be provided by Alex Heath, at this time the Company has agreed to pay Howe Street Capital Corp. an annual consulting fee of \$240,000 plus applicable taxes.

The Howe St. Agreement can be terminated by Mr. Heath (i) without cause at any time on giving the Company not less than three months prior notice of such termination; and (ii) with cause in the event the Company commits a material breach of the agreement. The Howe St. Agreement can be terminated by the Company (i) without cause at any time on giving notice to the consultant specifying the date of termination; and (ii) with cause at any time for just cause.

If the Howe St. Agreement is terminated by the consultant with cause or by the Company without cause, the Company will pay the consultant severance in an amount equal to one year of the consultant's base salary in effect at the time of termination.

The consultant may terminate the Howe St. Agreement at any time upon the occurrence of a change of control. In the event of termination by the consultant pursuant to a change of control the Company will pay an amount equal to two years of the consultant's base salary at the date of termination and any unvested stock options will immediately vest to the consultant.

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

There are no Employment and Management Agreements in place at this time except for the Howe St. Agreement as disclosed above.

### **Pension Disclosure**

The Company has no pension plans that provide for payments or benefits at, following, or in connection with the retirement of the NEOs.

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

The following table sets out, as of the end of the Company's financial years ended December 31, 2021, all information required with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) <sup>(1)</sup> (c)
Equity compensation plans approved by securityholders	13,610,000	\$0.28	804,024
Equity compensation plans not approved by securityholders	[N/A]	[N/A]	[N/A]
<b>Total</b>	<b>13,610,000</b>	<b>\$0.28</b>	<b>804,024</b>

Note:

- (1) Based on 144,140,238 common shares of the Company issued and outstanding as at December 31, 2021. The maximum aggregate number of common shares that may be reserved for issuance under the Plan is equal to 10% of the issued and outstanding common shares at the time of the option grant.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employee or former director, executive officer or employee or any of their respective associates or affiliates or any proposed nominee for election as a director of the Company is or has been at any time since the beginning of the last completed financial year, indebted to the Company or any of its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company or any of its subsidiaries.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Information Circular, no informed person of the Company, proposed nominee for election as a director, or any associate or affiliate of the foregoing, had any material interest, direct or indirect, in any transaction or proposed transaction since January 1, 2019 which has materially affected or would materially affect the Company.

**FINANCIAL STATEMENTS**

The audited financial statements for the years ended December 31, 2021 and December 31, 2020, the report of the auditor, together with the management's discussion and analysis (the "MD&A") can be found on [www.sedar.com](http://www.sedar.com).

## APPOINTMENT OF AUDITORS

The management of the Company recommends the re-appointment of Davidson & Company LLP, as auditors to hold office until the next annual general meeting. Davidson & Company LLP were first appointed auditors of the Company on July 7, 2016.

## MANAGEMENT CONTRACTS

No management functions of the Company are performed to any substantial degree by a person other than the directors or executive officers of the Company, except as disclosed herein.

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

### Approval of Omnibus Incentive Plan

At the Meeting, shareholders will be asked to consider and, if thought advisable, approve, with or without amendment, resolutions approving the new Omnibus Incentive Plan.

If approved by shareholders, the Omnibus Incentive Plan will be used going forward by the Company to grant equity incentive awards (including stock options and share units) to the directors, officers, employees and/or consultants of the Company, and no further awards will be granted under the Company's current Plan. The Company believes that the equity available for issuance under the Omnibus Incentive Plan will allow the Company to provide competitive equity compensation, which in turn will benefit the Company's ability to attract and retain talented employees, directors and consultants.

**If shareholders do not approve the Omnibus Incentive Plan, the Company will no longer be able to make grants of options under its current Plan, as the Company will not have received approval of the current Plan from shareholders in accordance with the policies of the TSXV. In this case, all outstanding options will continue unaffected; however, all previously allocated options will no longer be available for reallocation if they are cancelled or expire unexercised.**

The following is a summary of the Omnibus Incentive Plan, which is qualified in its entirety by the full text of the Omnibus Incentive Plan and, unless otherwise defined, all undefined terms used in this section will have the same meaning as set forth in the full text of the Omnibus Incentive Plan, which is attached as Appendix 3 to this Information Circular.

#### Summary of Omnibus Incentive Plan

The maximum number of shares issuable pursuant to grants made under the Omnibus Incentive Plan is 5,666,955 Common Shares, subject to adjustment as provided under the Omnibus Incentive Plan, which represents 20% of the Company's issued and outstanding shares as of the date hereof, less the number of options currently outstanding under the Company's current Plan.

The Omnibus Incentive Plan was adopted and approved by the Board on [•], 2022.

Under the Omnibus Incentive Plan, the Company may grant incentive or nonqualified stock options, restricted share units ("RSUs") or performance share units ("PSUs") to employees (including officers), directors, and consultants of the Company or any subsidiary thereof.

The maximum number of shares that may be reserved for issuance to any one participant under the Omnibus Incentive Plan, unless the Company has obtained the requisite disinterested shareholder approval under Applicable Law, together with all other Security Based Compensation Arrangements of the Company, including shares issuable to companies that are wholly owned by such participant, in any 12 month period,

is 5.0% of the total issued and outstanding shares, calculated as at the date any grant is made in accordance with all applicable securities laws. Furthermore:

- (a) unless the Company has obtained the requisite disinterested shareholder approval required under Applicable Law, the aggregate number of shares reserved for issuance to Insiders (as a group), together with all other Security Based Compensation Arrangements of the Company (i) must not exceed 10% of the number of aggregate issued and outstanding shares, at any point in time; and (ii) in any 12 month period, must not exceed 10% of the number of aggregate issued and outstanding shares, calculated as at the date any grant is made to an Insider in accordance with Applicable Law;
- (b) the aggregate number of shares reserved for issuance to all Investor Relations Service Providers, in aggregate, together with all other Security Based Compensation Arrangements of the Company, in any 12 month period, must not exceed 2% of the number of aggregate issued and outstanding Shares, calculated as at the date any grant is made and in accordance with all applicable securities laws; and
- (c) the aggregate number of shares reserved for issuance to any one Service Provider, together with all other Security Based Compensation Arrangements of the Company, in any 12 month period, must not exceed 2% of the number of aggregate issued and outstanding Common Shares, calculated as at the date any grant is made and in accordance with all applicable securities laws.

Options granted under the Omnibus Incentive Plan must have an exercise price that is not less than 100% of the Discounted Market Price (as defined in Policy 1.1 of the TSXV Corporate Finance Manual) based upon the most recent closing price of the shares prior to the grant of such option. Share units granted under the Omnibus Incentive Plan must have a grant date value that is not less than the Discounted Market Price based upon the most recent closing price of the shares prior to the grant date of the share unit. Optionholders, other than an Investor Relations Service Provider, may exercise their options on a cashless basis at the discretion of the Board, in which case the optionholder shall receive a reduced number of shares upon exercise which takes into account the value of the shares necessary to fund the exercise price of the options that would be otherwise payable by the holder (based on the market price of the shares on the date of exercise of the options). Other than with respect to Investor Relations Service Providers, the vesting schedule for options is at the discretion of the Board and shall be set out in the applicable grant agreement with respect to the options. Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months, such that no more than  $\frac{1}{4}$  of the options vest no sooner than 3 months after the grant date, no more than another  $\frac{1}{4}$  of the options vest no sooner than six months after the grant date, no more than another  $\frac{1}{4}$  of the options vest no sooner than nine months after the grant date and the remainder of the options vest no sooner than 12 months after the grant date. The exercise period of any option must not exceed 10 years from the grant date. Subject to the terms of the applicable grant agreement and the Board's discretion, upon the termination of an optionholder's employment or other relationship with the Company, including as a result of death or disability, outstanding options held by such person are subject to accelerated expiry, as follows: (i) upon the death or disability of an optionholder, vested options shall continue to be exercisable for 12 months while unvested options shall be forfeited; (ii) upon a resignation from the Company by an optionholder or termination of an optionholder without cause, vested options shall continue to be exercisable for 90 days while unvested options shall be forfeited; and (iii) upon the termination of an optionholder for cause, all outstanding options (vested or unvested) shall be forfeited.

Settlement of RSUs and PSUs must be made by the issuance of one share for each RSU or PSU being settled, a cash payment equal to the Discounted Market Price on the vesting date of the RSUs or PSUs being settled, or a combination of shares and cash, all as determined by the Board or as specified in the applicable grant agreement. Unless the applicable grant agreement with respect to RSUs or PSUs provides otherwise, if and when cash dividends (other than extraordinary or special dividends) are paid with respect to shares during the term of an RSU or PSU, a number of dividend equivalent RSUs or PSUs, as the case may be, shall be credited to the share unit account of a participant, which will be subject to the same terms and conditions, including vesting and settlement terms, as the corresponding RSUs or PSUs. The number

of additional dividend equivalent RSUs or PSUs shall be calculated by dividing the aggregate dividends that would have been paid to such participant if the RSUs or PSUs held by such participant had been shares on the record date of such dividend by the market price of the shares on the date on which the dividends were paid, provided that if such market price is below the Discounted Market Price of the shares based on the last closing price of the shares prior to the date on which the dividends were paid, the Discounted Market Price shall be used for such calculation. Unless the applicable grant agreement specifies that RSUs and PSUs must be settled through the issuance of shares, settlement will occur upon or as soon as reasonably practicable following vesting and, in any event, on or before December 31 of the third year following the year in which the participant performed the services to which the grant of RSUs or PSUs relates. Subject to the terms of the applicable grant agreement and the Board's discretion, upon the termination of the employment or other relationship with the Company, including as a result of death or disability, of a holder of RSUs or PSUs, all unvested entitlements shall be forfeited.

Unless otherwise specified in the grant agreement in respect of a particular award, awards granted pursuant to the Omnibus Incentive Plan are not assignable other than by testamentary disposition or the laws of intestate succession. The Omnibus Incentive Plan contains adjustment provisions with respect to outstanding grants where there has been an alteration in the capital structure of the Company or a Change in Control of the Company has occurred which permits the Board, subject to the terms of a participant's written employment agreement or contract for services, and subject to Applicable Law, to take such actions as the Board considers appropriate in respect of the alteration in the capital structure of Change in Control, including providing for the acceleration of vesting or exercisability of a grant (subject to approval of the TSXV in the case of a grant to an Investor Relations Service Provider).

If the expiry date of an option or share unit granted under the Omnibus Incentive Plan falls within a blackout period imposed by the Company, the expiry date of such entitlement shall be automatically extended to the date that is 10 business days following the end of such blackout period (subject, in the case of share units, to such share units otherwise settling at an earlier date pursuant to the provisions of the Omnibus Incentive Plan, in which case such share units shall settle on such date).

The Omnibus Incentive Plan, and any grant made pursuant to the Omnibus Incentive Plan, may be amended without approval of shareholders, except (i) no amendment to the Omnibus Incentive Plan or any grant made pursuant to the Omnibus Incentive Plan may be made without the consent of a participant in the Omnibus Incentive Plan if it adversely alters or impairs the rights of such participant in respect of any previous grant to such participant; and (ii) shareholder approval will be required to (A) increase the maximum number of shares issuable pursuant to the Omnibus Incentive Plan, (B) reduce the exercise price of an outstanding option, except as permitted by the Omnibus Incentive Plan, provided that disinterested shareholder approval will be obtained pursuant to the requirements of the TSXV, (C) extend the maximum term of any grant made under the Omnibus Incentive Plan, except as permitted by the Omnibus Incentive Plan, provided that disinterested shareholder approval will be obtained pursuant to the requirements of the TSXV, (D) amend the assignment provisions of the Omnibus Incentive Plan, (E) amend the termination provisions applicable to any grant, (F) amend certain grant limits provided under the Omnibus Incentive Plan, (G) amend the method for determining the exercise price of an option or the value of a share unit on the grant date or the vesting date, (H) include other types of equity compensation involving the issuance of shares of the Company under the Omnibus Incentive Plan, (I) amend the categories of persons who may participate in the Omnibus Incentive Plan as participants, (J) amend the Omnibus Incentive Plan or any grant in any manner which results in benefit to an Insider, provided that disinterested shareholder approval will be obtained for any such amendment, or (G) amend the amendment provisions of the Omnibus Incentive Plan or to grant additional powers to the Board to amend the Omnibus Incentive Plan without shareholder approval.

#### Omnibus Incentive Plan Approval Resolutions

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution in the following terms:

“RESOLVED that:

1. the new Omnibus Incentive Plan, in substantially the form described in and appended as Appendix 3 to this Information Circular be and is hereby authorized and approved and the Company is hereby authorized to issue securities pursuant to the Omnibus Incentive Plan;
2. the Board be and is hereby authorized and directed to reserve 5,666,955 shares under the Omnibus Incentive Plan for issuance upon the exercise of stock options or the settlement of share units under the Omnibus Incentive Plan;
3. the Board, in its sole and absolute discretion, may act upon these resolutions to effect the adoption of the Omnibus Incentive Plan or, if deemed appropriate and without any further approval from the shareholders of the Company, may choose not to act upon these resolutions, notwithstanding shareholder approval of the Omnibus Incentive Plan, and are authorized to revoke these resolutions in their sole discretion; and
4. any one director or officer of the Company be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the continuation of the Plan.”

The Board has determined that the approval of the Omnibus Incentive Plan is in the best interests of the Company and its shareholders. The Board unanimously recommends that shareholders vote in favour of the resolution approving the Plan. The persons named in the enclosed proxy intend to vote for the approval of the foregoing resolutions at the Meeting unless otherwise directed by the shareholders appointing them.

#### **OTHER BUSINESS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at its offices located at Suite 1430, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 or by email at [info@prospectormetalscorp.com](mailto:info@prospectormetalscorp.com) to request copies of any document referenced herein, including the Company's financial statements and MD&A. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

DATED at Vancouver, British Columbia, this 31<sup>st</sup> day of May, 2022.

BY ORDER OF THE BOARD OF DIRECTORS

*“Alex Heath”*

Alex Heath,  
President and Chief Executive Officer



## APPENDIX 1

### PROSPECTOR METALS CORP.

#### COMPENSATION COMMITTEE CHARTER

##### I. PURPOSE

The primary function of the Compensation Committee is to assist the Board of Directors (the "**Board**") of Prospector Metals Corp. (the "**Company**") in discharging its responsibilities relating to the compensation and retention of key senior management employees, including the Company's executive officers and the members of the Board. The objective of the Compensation Committee will be to ensure the Company has an executive compensation plan that is both motivational and competitive so that it will attract, hold and inspire performance of Company management of a quality and nature that will enhance the sustainable profitability and growth of the Company. In order to achieve this objective, the Compensation Committee will consider and recommend, as appropriate, the salary, bonus, other benefits, any change-of-control packages, stock option grants and other equity awards to be paid by the Company to its executive officers and to the members of the Board and will review and approve any required executive compensation disclosure.

##### II. COMPOSITION

- A. The Compensation Committee will be comprised of three or more directors as determined by the Board, all of whom will have been affirmatively determined by the Board to be "independent" under:
1. applicable securities laws and regulations, including National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"); and
  2. the rules and policies of each stock exchange on which the Company's securities are listed for trading, including the TSX Venture Exchange.
- B. The Chairperson of the Committee (the "**Chair**") shall be designated by the Board.

##### III. DUTIES AND RESPONSIBILITIES

The Compensation Committee will have the following duties and responsibilities which shall be carried out on an annual basis or as more frequently required to give effect to the objectives of this Charter:

###### A. General

1. Perform the functions customarily performed by compensation committees and any other functions assigned by the Board.
2. Review and recommend the compensation philosophy and guidelines for the Company, which will include:
  - (a) reviewing the compensation philosophy and guidelines for Company executive officers and directors, for recommendation to the Board for its consideration and approval; and
  - (b) reviewing compensation policies and guidelines relating to all employees, including annual salary and incentive policies and programs, and material new benefit programs, or material changes to existing benefit programs.

3. Review management's assessment of compliance with laws, regulations, and disclosure requirements as they relate to the responsibilities outlined in this Charter and the compensation of the Company's executive directors and officers.
4. Oversee the production of an annual report on executive compensation for publication in Company's public disclosure documents.
5. Review and update this Charter periodically, as conditions dictate, taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators and stock exchanges on which the Company's securities are listed and, if appropriate, recommend changes to the Charter to the Board for its approval.
6. Exercise such other powers and duties as delegated to it by the Board.

**B. Chief Executive Officer**

1. Review and recommend to the Board of Directors (i) any required revisions to the position description of the Chief Executive Officer ("**CEO**"), and (ii) the annual performance goals and criteria for the CEO.
2. Review and assess annually in conjunction with the Board of Directors the performance of the CEO against the pre-set specific performance goals and criteria approved by the Compensation Committee, which the review and assessment will be completed without the involvement or participation of the CEO.
3. Based on the results of the annual review and assessment, make recommendations to the Board as to the compensation package of the CEO, including recommendations as to payment of bonuses and vesting of securities-based compensation.

**C. Non-CEO Officers and Designated Employees**

1. Review the CEO's evaluation of the performance of the other executive officers of the Company (the "**non-CEO Officers**") and other significant employees appointed or identified by the Board (together with the non-CEO Officers, the "**Designated Employees**") and review the CEO's recommendations with respect to their compensation.
2. Based on the results of the annual review and evaluation, make recommendations to the Board as to the compensation packages of the Designated Employees including recommendations as to payments of bonuses and vesting of securities-based compensation.
3. In consultation with the CEO, review the appointment or discharge of non-CEO Officers.

**D. Evaluation and Compensation Generally**

1. In reviewing and assessing and making recommendations as to the compensation packages of the CEO and each of the Designated Employees, the Committee will consider:
  - (a) the compensation packages of the CEO and the Designated Employees for the prior year;
  - (b) the Company's financial performance and relative shareholder return;

- (c) the achievement by the Company of its corporate goals in connection with assessing the payment of bonuses and the vesting of securities-based compensation;
  - (d) whether the compensation package reflects an appropriate balance between short and longer-term incentives to improve performance of the Company;
  - (e) the competitiveness of the compensation package, including the value of similar incentive awards paid to equivalent officers and positions at comparable companies; and
  - (f) the awards given to the CEO and Designated Employees in previous years.
2. Review and approve any employment contracts or arrangements to be entered into between the Company and the CEO and any of the Designated Employees, including any retiring allowance arrangements, severance payments or any similar arrangements to take effect in the event of a termination of employment and any change of control agreements.

#### **E. Compensation of the Board**

Recommend to the Board the terms upon which directors will be compensated and the terms of additional compensation for the Chair of the Board, members and committee chairs of Board committees with the objective of ensuring that the compensation adequately reflects the responsibilities the members of the Board are assuming.

#### **F. Indemnification of Directors by the Company**

Subject to applicable law and the constating documents of the Company, administer all policies and practices of the Company with respect to the indemnification of directors by the Company in order to ensure the appropriate indemnification of the directors in accordance with industry practice, including approving all payments made pursuant to such policies and practices.

#### **G. Employee Benefit Plans**

With respect to the Company's stock option plan and any other similar benefit plans made available to the Company's executive officers and directors and within any guidelines established by the Board, the Compensation Committee shall:

1. act as administrator and take up and exercise all such powers as delegated to the Compensation Committee by the Board under the terms of any stock option plan or other similar plan;
2. review and make recommendation to the Board as to all grants and awards under any stock option plan or other similar plan, and the specific terms of such grants and awards, including vesting provisions and performance criteria; and
3. suggest and review any amendments that the Committee considers necessary to stock option plans or similar plans and make recommendations to the Board with respect to those amendments, provided however that all amendments to such plans shall be subject to the consideration and approval of the Board.

### **IV. COMPENSATION COMMITTEE AUTHORITY AND RESOURCES**

- A. The Compensation Committee has the authority, without further approval of the Board of Directors to:

1. engage independent legal counsel, compensation consultants and other advisors (each, an "**Independent Counsel**") as it determines necessary to carry out its duties;
  2. set and pay the compensation for any such advisors employed by the Committee, funded by the Company;
  3. communicate directly with external advisors and any other personnel of the Company; and
  4. have unrestricted access to any personnel and documents of the Company relevant to performance of the Committee's duties.
- B. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Independent Counsel retained by the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Independent Counsel retained by the Committee.
- C. Notwithstanding its authority to engage Independent Counsel, the Compensation Committee may select an Independent Counsel to the Compensation Committee only after taking into consideration, all factors relevant to that person's independence from management, including the following:
1. the provision of other services to the Company by the person that employs the Independent Counsel;
  2. the amount of fees received from the Company by the person that employs the Independent Counsel, as a percentage of the total revenue of the person that employs the Independent Counsel;
  3. the policies and procedures of the person that employs the Independent Counsel that are designed to prevent conflicts of interest;
  4. any business or personal relationship of the Independent Counsel with a member of the Compensation Committee;
  5. any stock of the Company owned by the Independent Counsel; and
  6. any business or personal relationship of the Independent Counsel or the person employing the Independent Counsel with an executive officer of the Company.
- D. Notwithstanding the engagement of an Independent Counsel or the receipt of advice or recommendations from such an Independent Counsel, the Compensation Committee:
1. will in no way be obligated to implement or act consistently with the advice or recommendations of the Independent Counsel; and
  2. will at all times exercise its own judgment in the fulfillment of the duties of the Compensation Committee.

## **V. TERM**

The members of the Compensation Committee shall be appointed by designation of the Board and shall continue to be a member thereof until the earlier of (i) the Board, at its discretion, decides to remove the member from the Committee, or (ii) the expiration of his or her term of office as a Director. Vacancies at any time occurring shall be filled by designation of the Board.

## **VI. MEETINGS**

The Committee shall meet at least once per year or more frequently as circumstances dictate. A majority of the members appearing at a duly convened meeting shall constitute a quorum and the Committee shall maintain minutes or other records of its meetings and activities. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. These documents will be shared with the Board as needed to discharge the Committee's delegated responsibilities and stored in a centralized electronic archive administered by the Corporate Secretary. In case of absence of the Chair, the participating Compensation Committee members will designate an interim Chair. The Committee may invite members of Management or others to attend their meetings and they will be asked to step-out during sensitive conversations. Notwithstanding the above, in no event will the CEO be present during voting or deliberation on his or her compensation. As part of its responsibility to foster open communication, the Committee should meet at least annually with each of the CEO and Chief Financial Officer in separate executive sessions to discuss any matters that the Committee or the executive officers believe should be discussed privately with the Committee.

## APPENDIX 2

### PROSPECTOR METALS CORP. (the "Corporation")

#### AUDIT COMMITTEE CHARTER

##### I. PURPOSE

This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**") of Prospector Metals Corp. (the "**Company**"), annual evaluation and compliance with this charter. The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

##### II. COMPOSITION

A. A majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company, as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), provided that should the Company become listed on a more senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange and of NI 52-110.

B. The Audit Committee will consist of at least three members, all of whom must be directors of the Company. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, each member of the Audit Committee will also satisfy the financial literacy requirements of such exchange and of NI 52-110.

C. The Chair of the Audit Committee will be appointed by the Board.

##### III. AUTHORITY

A. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

1. engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;
2. communicate directly with management and any internal auditor, and with the external auditor without management involvement; and
3. incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

#### IV. DUTIES AND RESPONSIBILITIES

- A. The duties and responsibilities of the Audit Committee include:
1. recommending to the Board the external auditor to be nominated by the Board;
  2. recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;
  3. reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);
  4. overseeing the work of the external auditor;
  5. ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to Company;
  6. ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;
  7. ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;
  8. reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("MD&A"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;
  9. reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;
  10. reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;

11. reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;
12. reviewing the external auditor's report to the shareholders on the Company's annual financial statements;
13. reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;
14. satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;
15. overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;
16. reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;
17. reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;
18. satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;
19. resolving disputes between management and the external auditor regarding financial reporting;
20. establishing procedures for:
  - a) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto, and
  - b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
21. reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
22. pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;



23. overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;
24. establishing procedures for:
  - a) reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;
  - b) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("CFO") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;
  - c) obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("CEO") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;
  - d) reviewing fraud prevention policies and programs, and monitoring their implementation;
  - e) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:
    - i. tax and financial reporting laws and regulations;
    - ii. legal withholding requirements;
    - iii. environmental protection laws and regulations;
    - iv. other laws and regulations which expose directors to liability; and

B. A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

C. On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

D. On an annual basis, the Audit Committee shall require the Company's Chief Executive Officer and Chief Financial Officer to evaluate, or cause to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting as at the Company's financial year end date and to report the results of their evaluation to the Audit Committee prior to the Audit Committee approving the Company's annual financial statements.

## V. TERM

The members of the Audit Committee shall be appointed by designation of the Board and shall continue to be a member thereof until the earlier of (i) the Board, at its discretion, decides to remove the member from

the Committee, or (ii) the expiration of his or her term of office as a Director. Vacancies at any time occurring shall be filled by designation of the Board.

## **VI. MEETINGS**

The Committee shall meet at least once per year or more frequently as circumstances dictate. A majority of the members appearing at a duly convened meeting shall constitute a quorum and the Committee shall maintain minutes or other records of its meetings and activities. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. These documents will be shared with the Board as needed to discharge the Committee's delegated responsibilities and stored in a centralized electronic archive administered by the Corporate Secretary. In case of absence of the Chair, the participating Audit Committee members will designate an interim Chair. The Committee may invite members of Management or others to attend their meetings and they will be asked to step-out during sensitive conversations. As part of its responsibility to foster open communication, the Committee should meet at least annually with each of the CEO and Chief Financial Officer in separate executive sessions to discuss any matters that the Committee or the executive officers believe should be discussed privately with the Committee.

## **VII. REPORTS**

A. The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

B. The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

## **VIII. MINUTES**

A. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

## **IX. ANNUAL PERFORMANCE EVALUATION**

A. The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the charter, to determine the effectiveness of the Committee.

**APPENDIX 3**  
**PROSPECTOR METALS CORP.**  
**OMNIBUS INCENTIVE PLAN**

**PART I – GENERAL PROVISIONS**

**1. PREAMBLE AND DEFINITIONS**

**1.1 Title and Parts.**

The Plan described in this document shall be called the “Prospector Metals Corp. Equity Incentive Plan”.

The Plan is divided into three Parts. This Part I contains provisions of general application to all Grants; Part II applies specifically to Options; and Part III applies specifically to Share Units.

**1.2 Eligibility**

Only Eligible Persons shall be eligible to receive Grants under this Plan.

**1.3 Purpose of the Plan.**

The purposes of the Plan are:

- (a) to promote a further alignment of interests between officers, employees and other eligible service providers and the shareholders of the Corporation;
- (b) to associate a portion of the compensation payable to officers, employees and other eligible service providers with the returns achieved by shareholders of the Corporation; and
- (c) to attract and retain officers, employees and other eligible service providers with the knowledge, experience and expertise required by the Corporation.

**1.4 Definitions.**

1.4.1 “**affiliate**” means “affiliated corporations” and a corporation shall be deemed to be an affiliate of another corporation if one of them is the Subsidiary of the other or if both are Subsidiaries of the same corporation or if each of them is controlled by the same Person and also includes those issuers that are similarly related, whether or not any of the issuers are corporations, partnerships, limited partnerships, trusts, income trusts or investment trusts or any other organized entity issuing securities.

1.4.2 “**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules.

- 1.4.3 “**associate**”, where used to indicate a relationship with a Person, means:
- (a) any corporation of which such Person beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the corporation for the time being outstanding;
  - (b) any partner of that Person;
  - (c) any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity;
  - (d) any relative of that Person who resides in the same home as that Person;
  - (e) any Person who resides in the same home as that person and to whom that Person is married or with whom that Person is living in a conjugal relationship outside marriage; or
  - (f) any relative of a Person mentioned in clause (e) who has the same home as that Person.
- 1.4.4 “**Beneficiary**” means, subject to Applicable Law, an individual who has been designated by a Participant, in such form and manner as the Board may determine, to receive benefits payable under the Plan upon the death of the Participant, or, where no such designation is validly in effect at the time of death, the Participant’s legal representative.
- 1.4.5 “**Blackout 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 as designated by the Corporation, including any holder of a Grant, as a result of there being undisclosed material information regarding the Corporation or its securities.
- 1.4.6 “**Board**” means the Board of Directors of the Corporation.
- 1.4.7 “**Cause**” means:
- (a) subject to (b) or (c), as applicable, below, “just cause” or “cause” for Termination by the Corporation or a Subsidiary of the Corporation as determined under Applicable Law;
  - (b) where a Participant has a written employment agreement with the Corporation or a Subsidiary of the Corporation, “**Cause**” as defined in such employment agreement, if applicable; or
  - (c) where a Participant provides services as an independent contractor pursuant to a contract for services with the Corporation or a Subsidiary of the Corporation, any material breach of such contract.
- 1.4.8 “**Change in Control**” means:
- (a) the acquisition by any “offeror” (as defined in the *Securities Act (Ontario)*) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;

- (b) any consolidation, reorganization, merger, amalgamation or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities, or pursuant to which Shares would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (c) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation;
- (d) the approval by the shareholders of any plan of liquidation or dissolution of the Corporation; or
- (e) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board, unless such election or appointment is approved by 50% or more of the Board in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened.

1.4.9 “**Code**” means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder.

1.4.10 “**Control**” means:

- (a) when applied to the relationship between a Person and another Person, the beneficial ownership by that first Person, directly or indirectly, of voting securities or other interests in such second Person entitling the holder to exercise control and direction in fact over the activities of such second Person, including by way of electing a majority of the members of the board of the second Person; and
- (b) notwithstanding the foregoing, when applied to the relationship between a Person and a partnership, limited partnership or joint venture, means the contractual right to direct the affairs of the partnership, limited partnership or joint venture; and

the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; provided that a Person who Controls a second Person will be deemed to Control a third Person which is Controlled by such second Person and so on.

1.4.11 “**Corporation**” means Prospector Metals Corp., and includes any successor corporation thereof.

1.4.12 “**Director**” means a director of the Corporation from time to time.

1.4.13 “**Discounted Market Price**” has the meaning ascribed to that term in Policy 1.1 of the TSX Venture Exchange Corporate Finance Manual, as the same may be amended from time to time.

1.4.14 “**Disability**” means:

- (a) subject to (b) below, a Participant's physical or mental incapacity that prevents him/her from substantially fulfilling his or her duties and responsibilities on behalf of the Corporation or, if applicable, a Subsidiary of the Corporation as determined by the Board and, in the case of a Participant who is an employee of the Corporation or a Subsidiary of the Corporation, in respect of which the Participant commences receiving, or is eligible to receive, disability benefits under the Corporation's or Subsidiary's long-term disability plan; or
- (b) where a Participant has a written employment agreement with the Corporation or a Subsidiary of the Corporation, "**Disability**" as defined in such employment agreement, if applicable.

1.4.15 "**Disability Date**" means, the date of a Participant's Termination as a result of a Disability.

1.4.16 "**Eligible Person**" means an individual Employed by the Corporation or any Subsidiary of the Corporation, a Director, an Officer or a Service Provider, who, by the nature of his or her position or job is, in the opinion of the Board, in a position to contribute to the success of the Corporation.

1.4.17 "**Employed**" means, with respect to a Participant, that:

- (a) the Participant is rendering services to the Corporation or a Subsidiary of the Corporation (excluding services exclusively as a Director) including as a Service Provider (referred to in Section 1.4.43 as "active Employment"); or
- (b) the Participant is not actively rendering services to the Corporation or a Subsidiary of the Corporation due to vacation, temporary illness, maternity or parental leave or leave on account of Disability or other authorized leave of absence (provided, in the case of a US Taxpayer, that the Participant has not incurred a "Separation From Service", within the meaning of Section 409A of the Code).

and "**Employment**" has the corresponding meaning.

1.4.18 "**Exercise Price**" means, with respect to an Option, the price payable by a Participant to purchase one Share on exercise of such Option, which shall not be less than one hundred percent (100%) of the Discounted Market Price based upon the most recent closing price of the Shares prior to the Grant of such Option, subject to adjustment pursuant to Section 5.

1.4.19 "**Grant**" means a grant or right granted under the Plan consisting of one or more Options, RSUs or PSUs or such other award as may be permitted hereunder.

1.4.20 "**Grant Agreement**" means an agreement between the Corporation and a Participant evidencing a Grant and setting out the terms under which such Grant is made, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.

1.4.21 "**Grant Date**" means the effective date of a Grant.

1.4.22 "**Insider**" means:

- (a) a director or officer of the Corporation;

- (b) a director or officer of a Person that is itself an Insider or subsidiary of the Corporation;
- (c) a Person that has,
  - (i) beneficial ownership of, or control or direction over, directly or indirectly, securities of the Corporation carrying more than 10 per cent of the voting rights attached to all the Corporation's outstanding voting securities; or
  - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of a reporting issuer carrying more than 10 per cent of the voting rights attached to all the Corporation's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the Person as underwriter in the course of a distribution;
- (d) the Corporation in the event that it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security;
- (e) a Person designated as an insider under the *Securities Act* (Ontario); and
- (f) an associate or affiliate of any of the foregoing.

1.4.23 **"Investor Relations Activities"** has the meaning ascribed to that term in Policy 1.1 of the TSX Venture Exchange Corporate Finance Manual, as the same may be amended from time to time.

1.4.24 **"Investor Relations Service Provider"** means any Service Provider that performs Investor Relations Activities, and any Director, Officer, or employee whose roll and duties primarily consist of Investor Relations Activities.

1.4.25 **"Market Price"** means, with respect to any particular date:

- (a) if the Shares are listed on the TSX Venture Exchange (regardless of whether they are listed on any other Stock Exchange), the volume weighted average trading price per Share on the TSX Venture Exchange during the five (5) immediately preceding Trading Days;
- (b) if the Shares are listed on one Stock Exchange which is not the TSX Venture Exchange, the volume weighted average trading price per Share on such Stock Exchange during the five (5) immediately preceding Trading Days;
- (c) if the Shares are listed on more than one Stock Exchange and are not listed on the TSX Venture Exchange, the Market Price as determined in accordance with paragraph (b) above for the primary Stock Exchange on which the greatest volume of trading of the Shares occurred during the five (5) immediately preceding Trading Days; and
- (d) if the Shares are not listed for trading on a Stock Exchange, a price which is determined by the Board in good faith to be the fair market value of the Shares.

- 1.4.26 “**Officer**” means an officer of the Corporation or any Subsidiary of the Corporation from time to time.
- 1.4.27 “**Option**” means an option to purchase a Share granted by the Board to an Eligible Person in accordance with Section 3 and Section 8.1.
- 1.4.28 “**Participant**” means an Eligible Person to whom a Grant is made and which Grant or a portion thereof remains outstanding.
- 1.4.29 “**Performance Conditions**” means such financial, personal, operational or transaction-based performance criteria as may be determined by the Board in respect of a Grant to any Participant or Participants and set out in a Grant Agreement. Performance Conditions may apply to the Corporation, a Subsidiary of the Corporation, the Corporation and its Subsidiaries as a whole, a business unit of the Corporation or group comprised of the Corporation and some Subsidiaries of the Corporation or a group of Subsidiaries of the Corporation, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified performance period, on an absolute basis or relative to a pre-established target or milestone, to previous years’ results or to a designated comparator group, or otherwise, and may incorporate multipliers or adjustments based on the achievement of any such performance criteria.
- 1.4.30 “**Performance Period**” means, with respect to PSUs, a period specified by the Board for achievement of any applicable Performance Conditions as a condition to Vesting.
- 1.4.31 “**Performance Share Unit**” or “**PSU**” means a right granted to an Eligible Person in accordance with Section 3.1(c) and (d) and Section 11.1 to receive a Share or the Market Price, as determined by the Board, that generally becomes Vested, if at all, subject to the attainment of certain Performance Conditions and satisfaction of such other conditions to Vesting, if any, as may be determined by the Board.
- 1.4.32 “**Person**” means an individual, corporation, company, cooperative, sole proprietorship, partnership, limited partnership, limited liability partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, trust, trustee, executor, administrator, legal personal representative, estate, unincorporated association, organization or syndicate, entity with juridical personality or governmental authority or body, or other entity, whether or not having legal status, however designated or constituted, and pronouns which refer to a Person shall have a similarly extended meaning.
- 1.4.33 “**Plan**” means this Prospector Metals Corp. Equity Incentive Plan, including any schedules or appendices hereto, as may be amended from time to time.
- 1.4.34 “**Restricted Share Unit**” or “**RSU**” means a right granted to an Eligible Person in accordance with Section 3.1(c) and (d) and Section 11.1 to receive a Share or the Market Price, as determined by the Board, that generally becomes Vested, if at all, following a period of continuous Employment of the Participant.
- 1.4.35 “**Restrictive Covenant**” means any obligation of a Participant to the Corporation or a Subsidiary of the Corporation to (A) maintain the confidentiality of information relating to the Corporation or the Subsidiary of the Corporation and/or its business, (B) not engage in employment or business activities that compete



with the business of the Corporation or the Subsidiary of the Corporation and/or (C) not solicit employees or other service providers, customers and/or suppliers of the Corporation or the Subsidiary of the Corporation, whether during or after employment with the Corporation or Subsidiary of the Corporation, and whether such obligation is set out in a Grant Agreement issued under the Plan or other agreement between the Participant and the Corporation or Subsidiary of the Corporation, including, without limitation, an employment agreement, or otherwise.

- 1.4.36 “**Security Based Compensation Arrangement**” includes any stock option plan, deferred share unit plan, performance share unit plan, restricted share unit plan, stock appreciation right plan, stock purchase plan and/or any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Corporation from treasury to a Participant.
- 1.4.37 “**Service Provider**” means a Person, other than an employee, Officer or Director of the Corporation or a Subsidiary of the Corporation, that:
- (a) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Corporation or a Subsidiary of the Corporation, other than services provided in relation to a distribution of securities;
  - (b) provides the services under a written contract between the Corporation or a Subsidiary of the Corporation and the Person; and
  - (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Subsidiary of the Corporation;
- and includes
- (d) for an individual Service Provider, a corporation of which the individual Service Provider is an employee or shareholder, and a partnership of which the individual Service Provider is an employee or partner; and
  - (e) for a Service Provider that is not an individual, an employee, executive officer, or director of the Service Provider, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Subsidiary of the Corporation.
- 1.4.38 “**Share**” means a common share of the Corporation or, in the event of an adjustment contemplated by Section 5.1, such other security to which a Participant may be entitled upon the exercise or settlement of a Grant as a result of such adjustment.
- 1.4.39 “**Share Unit**” means either an RSU or a PSU, as the context requires.
- 1.4.40 “**Stock Exchange**” means the TSX Venture Exchange and/or such other stock exchange on which the Shares are listed.
- 1.4.41 “**Stock Exchange Rules**” means the applicable rules of any Stock Exchange upon which Shares of the Corporation are listed.

- 1.4.42 **“Subsidiary”** means, in respect of a Person, another Person that is Controlled directly or indirectly by such Person and includes a Subsidiary of that Subsidiary.
- 1.4.43 **“Termination”** means (i) the termination of a Participant’s Employment with the Corporation or a Subsidiary of the Corporation (other than in connection with the Participant’s transfer to Employment with the Corporation or another Subsidiary), which shall occur on the date on which the Participant ceases to render services to the Corporation or Subsidiary, as applicable, whether such termination is lawful or otherwise (including, without limitation, by reason of resignation, death, frustration of contract, termination for cause, termination without cause, or constructive dismissal), without giving effect to any pay in lieu of notice (paid by way of lump sum or salary continuance), severance pay, benefits continuance or other termination-related payments or benefits to which the Participant may be entitled pursuant to the common law or otherwise (except as may be expressly required to satisfy the minimum requirements of applicable employment or labour standards legislation), but, for greater certainty, a Participant’s absence from active work during a period of vacation, temporary illness, maternity or parental leave, leave on account of Disability or any other authorized leave of absence shall not be considered to be a “Termination”, and (ii) in the case of a Participant who does not return to active Employment with the Corporation or a Subsidiary of the Corporation immediately following a period of absence due to vacation, temporary illness, maternity or parental leave, leave on account of Disability or other authorized leave of absence, such cessation shall be deemed to occur on the last day of such period of absence as approved by the Corporation or a Subsidiary of the Corporation; provided, in each case, that, in the case of any Grant that constitutes deferred compensation subject to Section 409A of the Code that is issued to a US Taxpayer, the Termination constitutes a “Separation From Service”, within the meaning of Section 409A of the Code, and **“Terminated”** and **“Terminates”** shall be construed accordingly.
- 1.4.44 **“Time Vesting”** means any conditions relating to the passage of time or continued service with the Corporation or Subsidiary of the Corporation for a period of time in respect of a Grant, as may be determined by the Board.
- 1.4.45 **“Trading Day”** means a day on which the relevant Stock Exchange is open for trading and on which the Shares actually traded.
- 1.4.46 **“US Taxpayer”** means an individual who is subject to tax under the Code in respect of any Grants, amounts payable or Shares deliverable under this Plan.
- 1.4.47 **“Vested”** means, with respect to any Option, Share Unit, or other award included in a Grant, that the applicable conditions with respect to Time Vesting, achievement of Performance Conditions and/or any other conditions established by the Board have been satisfied or, to the extent permitted under the Plan, waived, whether or not the Participant’s rights with respect to such Grant may be conditioned upon prior or subsequent compliance with any Restrictive Covenants (and any applicable derivative term shall be construed accordingly).
- 1.4.48 **“Vesting Date”** means the date on which the applicable Time Vesting, Performance Conditions and/or any other conditions for an Option, Share Unit, or other award included in a Grant becoming Vested are met, deemed to have been met or waived as contemplated in Section 3.1.

## 2. CONSTRUCTION AND INTERPRETATION

### 2.1 Gender, Singular, Plural.

In the Plan, references to one gender include all genders; and references to the singular shall include the plural and vice versa, as the context shall require.

### 2.2 Severability.

If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

### 2.3 Headings and Sections.

Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

## 3. ADMINISTRATION

### 3.1 Administration by the Board.

The Plan shall be administered by the Board in accordance with its terms and subject to Applicable Law. Subject to and consistent with the terms of the Plan, in addition to any authority of the Board specified under any other terms of the Plan, and Applicable Law, the Board shall have full and complete discretionary authority to:

- (a) interpret the Plan and Grant Agreements;
- (b) prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and instruments of grant evidencing Grants, including (i) requiring, as a condition of any such Grant, the Participant receiving the grant to complete any requisite forms or filings required by Applicable Law and (ii) such rules and regulations as are necessary to ensure that employees and Service Providers are eligible to receive Grants hereunder;
- (c) determine those Eligible Persons who may receive Grants as Participants, grant one or more Grants to such Participants and approve or authorize the applicable form and terms of the related Grant Agreement;
- (d) determine the terms and conditions of Grants granted to any Participant, including, without limitation, as applicable (i) Grant value and the number of Shares subject to a Grant, (ii) the Exercise Price for Shares subject to a Grant, (iii) the conditions to the Vesting of a Grant or any portion thereof, including, as applicable, the period for achievement of any applicable Performance Conditions as a condition to Vesting, and conditions pertaining to compliance with Restrictive Covenants, and the conditions, if any, upon which Vesting of any Grant or any portion thereof will be waived or accelerated without any further action by the Board, (iv) the circumstances upon which a Grant or any portion thereof shall be forfeited, cancelled or expire, including in connection with the breach by a Participant of any Restrictive Covenant, (v) the

consequences of a Termination with respect to a Grant, (vi) the manner of exercise or settlement of the Vested portion of a Grant, (vii) whether, and the terms upon which, a Grant may be settled in cash, newly issued Shares or a combination thereof, and (viii) whether, and the terms upon which, any Shares delivered upon exercise or settlement of a Grant must be held by a Participant for any specified period of time;

- (e) determine whether, and the extent to which, any Performance Conditions or other conditions applicable to the Vesting of a Grant have been satisfied or shall be waived or modified;
- (f) make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence or disability of any Participant. Without limiting the generality of the foregoing, the Board shall be entitled to determine:
  - (i) whether or not any such leave of absence shall constitute a Termination within the meaning of the Plan;
  - (ii) the impact, if any, of any such leave of absence on Grants issued under the Plan made to any Participant who takes such leave of absence (including, without limitation, whether or not such leave of absence shall cause any Grants to expire and the impact upon the time or times such Grants shall be exercisable);
- (g) amend the terms of any Grant Agreement or other documents evidencing Grants; and
- (h) determine whether, and the extent to which, adjustments shall be made pursuant to Section 5 and the terms of such adjustments.

- 3.2 Provided that such determinations are made in accordance with this Plan and Applicable Law, all determinations, interpretations, rules, regulations, or other acts of the Board respecting the Plan or any Grant shall be made in its sole discretion and shall be conclusively binding upon all persons.
- 3.3 Subject to Section 6.5, the Board may, from time to time, amend the Plan for the purpose of establishing one or more sub-plans for the benefit of Eligible Persons who are subject to the laws of a jurisdiction other than Canada in connection with their participation in the Plan.

The Board may also prescribe terms for Grant Agreements in respect of Eligible Persons who are subject to the laws of a jurisdiction other than Canada in connection with their participation in the Plan that are different than the terms of the Grant Agreements for Eligible Persons who are subject to the laws of Canada in connection with their participation in the Plan, and/or deviate from the terms of the Plan set out herein, for purposes of compliance with Applicable Law in such other jurisdiction or where, in the Board's opinion, such terms or deviations are necessary or desirable to obtain more advantageous treatment for the Corporation, a Subsidiary of the Corporation or the Eligible Person in respect of the Plan under the Applicable Law of the other jurisdiction.

Notwithstanding the foregoing, the terms of any Grant Agreement authorized pursuant to this Section 3.3 shall be consistent with the Plan to the extent practicable having regard to

the Applicable Law of the jurisdiction in which such Grant Agreement is applicable and in no event shall contravene Applicable Law.

- 3.4 The Board may, in its discretion, subject to Applicable Law, delegate its powers, rights and duties under the Plan, in whole or in part, to a committee of the Board or a person or persons, as it may determine, from time to time, on terms and conditions as it may determine, except that the Board shall not, and shall not be permitted to delegate any such powers, rights or duties (i) with respect to the grant, amendment, administration or settlement of any Grant to the extent delegation is not consistent with Applicable Law and any such purported delegation or action shall not be given effect, and (ii) provided that the composition of the committee of the Board, person or persons, as the case may be, shall comply with Applicable Law. In addition, provided it complies with the foregoing, the Board may appoint or engage a trustee, custodian or administrator to administer or implement the Plan or any aspect of it.

#### **4. SHARE RESERVE**

- 4.1 Subject to Section 4.6 and any adjustment pursuant to Section 5.1, the aggregate number of Shares that may be issued pursuant to Grants made under the Plan shall be equal to 5,666,955 Shares, provided that the number of Shares that may be issued pursuant to all Security Based Compensation Arrangements of the Company (including pursuant to the Plan) shall not exceed 10,953,592 Shares.
- 4.2 For so long as the Shares are listed on a Stock Exchange, unless the Corporation has obtained the requisite disinterested shareholder approval required under Applicable Law, the aggregate number of Shares reserved for issuance to any one Participant under the Plan, together with all other Security Based Compensation Arrangements of the Corporation, including Shares issuable to companies that are wholly owned by such Participant, in any 12 month period must not exceed 5% of the number of aggregate issued and outstanding Shares, calculated as at the date any Grant is made and in accordance with all Applicable Laws, including all applicable Stock Exchange Rules.
- 4.3 For so long as the Shares are listed on a Stock Exchange, unless the Corporation has obtained the requisite disinterested shareholder approval required under Applicable Law,
- (a) the aggregate number of Shares reserved for issuance to Insiders (as a group) under the Plan, together with all other Security Based Compensation Arrangements of the Corporation, must not exceed 10% of the number of aggregate issued and outstanding Shares at any point in time;
  - (b) the aggregate number of Shares reserved for issuance to Insiders (as a group) under the Plan, together with all other Security Based Compensation Arrangements of the Corporation, in any 12 month period must not exceed 10% of the number of aggregate issued and outstanding Shares, calculated as at the date any Grant is made to an Insider in accordance with all Applicable Laws, including all applicable Stock Exchange Rules;
- 4.4 For so long as the Shares are listed on a Stock Exchange, the aggregate number of Shares reserved for issuance to all Investor Relations Service Providers, in aggregate, under the Plan, together with all other Security Based Compensation Arrangements of the Corporation, in any 12 month period must not exceed 2% of the number of aggregate issued and outstanding Shares, calculated as at the date any Grant is made and in accordance with all Applicable Laws, including all applicable Stock Exchange Rules.

- 4.5 For so long as the Corporation's Shares are listed on a Stock Exchange, the aggregate number of Shares reserved for issuance to any one Service Provider under the Plan, together with all other Security Based Compensation Arrangements of the Corporation, in any 12 month period must not exceed 2% of the number of aggregate issued and outstanding Shares, calculated as at the date any Grant is made and in accordance with all Applicable Laws, including all applicable Stock Exchange Rules.
- 4.6 For purposes of computing the total number of Shares available for grant under the Plan or any other Security Based Compensation Arrangement of the Corporation, Shares subject to any Grant (or any portion thereof) that are settled in cash, forfeited, surrendered, cancelled or otherwise terminated, prior to the issuance of such Shares shall again be available for grant under the Plan. Notwithstanding the foregoing, if Shares are issued pursuant to Section 8.6 upon the Surrender of Options, the number of Options Surrendered, and not the number of Shares actually issued by the Corporation, shall be included in computing the total number of Shares available for grant under the Plan or any other Security Based Compensation Arrangement of the Corporation. Where a Grant is subject to Performance Conditions, the maximum aggregate number of Shares that might possibly be issued pursuant to such Performance Conditions must be included in calculating the total number of Shares available for grant under the Plan or any other Security Based Compensation Arrangement of the Corporation. All dividend equivalent RSUs and PSUs shall also be included when computing the total number of Shares available for grant under the Plan or any other Security Based Compensation Arrangement.

## **5. ALTERATION OF CAPITAL AND CHANGE IN CONTROL**

- 5.1 Notwithstanding any other provision of the Plan, and subject to Applicable Law, including, if necessary, the approval of any Stock Exchange, in the event of any change in the Shares by reason of any dividend (other than dividends in the ordinary course), split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other relevant changes to the authorized or issued capital of the Corporation, if the Board shall determine that an equitable adjustment should be made, such adjustment shall, subject to Applicable Law, be made by the Board to (i) the number of Shares subject to the Plan; (ii) the securities into which the Shares are changed or are convertible or exchangeable; (iii) any Options then outstanding; (iv) the Exercise Price in respect of such Options; and/or (v) with respect to the number of Share Units outstanding under the Plan, and any such adjustment shall be conclusive and binding for all purposes of the Plan.
- 5.2 No adjustment provided for pursuant to Section 5.1 shall require the Corporation to issue fractional Shares or consideration in lieu thereof in satisfaction of its obligations under the Plan. Any fractional interest in a Share that would, except for the provisions of this Section 5.2, be deliverable upon the exercise of any Grant shall be cancelled and not deliverable by the Corporation.
- 5.3 In the event of a Change in Control prior to the Vesting of a Grant, and subject to the terms of a Participant's written employment agreement or contract for services with the Corporation or a Subsidiary of the Corporation and the applicable Grant Agreement and Applicable Law, including, if required, the approval of any Stock Exchange, the Board shall have full authority to determine in its sole discretion the effect, if any, of a Change in Control on the Vesting, exercisability, settlement, payment or lapse of restrictions applicable to a Grant, which effect may be specified in the applicable Grant Agreement or determined at a subsequent time. Subject to Applicable Law, including, if required, the approval of any Stock Exchange, the Board shall, at any time prior to, coincident with or after the effective time of a Change in Control, take such actions as it may consider appropriate, including, without limitation: (i) provide for the acceleration of any Vesting or exercisability of a Grant;

(ii) provide for the deemed attainment of Performance Conditions relating to a Grant; (iii) provide for the lapse of restrictions relating to a Grant; (iv) provide for the assumption, substitution, replacement or continuation of any Grant by a successor or surviving corporation (or a parent or subsidiary thereof) with cash, securities, rights or other property to be paid or issued, as the case may be, by the successor or surviving corporation (or a parent or subsidiary thereof); (v) provide that that a Grant shall terminate or expire unless exercised or settled in full on or before a date fixed by the Board; or (vi) terminate or cancel any outstanding Grant in exchange for a cash payment (provided that, if as of the date of the Change in Control, the Board determines that no amount would have been realized upon the exercise or settlement of the Grant, then the Grant may be cancelled by the Corporation without payment of consideration). For greater certainty, for so long as the Shares are listed on the TSX Venture Exchange, the Board shall not, in the event of a Change in Control, have the ability to accelerate any Vesting or exercisability of a Grant to an Investor Relations Service Provider without the prior written approval of the TSX Venture Exchange.

## **6. MISCELLANEOUS**

### **6.1 Compliance with Laws and Policies.**

The Corporation's obligation to make any payments or deliver (or cause to be delivered) any Shares hereunder is subject to compliance with Applicable Law. Each Participant shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Participant will, at all times, act in strict compliance with Applicable Law and all other laws and any policies of the Corporation applicable to the Participant in connection with the Plan including, without limitation, the Insider Trading Policy of the Corporation, and furnish to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law.

### **6.2 Withholdings.**

So as to ensure that the Corporation or a Subsidiary of the Corporation, as applicable, will be able to comply with the applicable obligations under any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Corporation or the Subsidiary of the Corporation shall withhold or cause to be withheld from any cash amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary to permit the Corporation or the Subsidiary of the Corporation, as applicable, to so comply. The Corporation and any Subsidiary of the Corporation may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Corporation may determine in its sole discretion, by (a) selling on such Participant's behalf, or requiring such Participant to sell, any Shares issued under this Plan, and retaining any amount payable which would otherwise be provided or paid to such Participant in connection with any such sale, or (b) requiring, as a condition to the delivery of Shares hereunder, that such Participant make such arrangements as the Corporation may require so that the Corporation and its Subsidiaries can satisfy such withholding obligations, including requiring such Participant to remit an amount to the Corporation or a Subsidiary of the Corporation in advance, or reimburse the Corporation or any Subsidiary of the Corporation for, any such withholding obligations.

### **6.3 No Right to Continued Employment.**

Nothing in the Plan or in any Grant Agreement entered into pursuant hereto shall confer upon any Participant the right to continue in the employ or service of the Corporation or any Subsidiary of the Corporation, to be entitled to any remuneration or benefits not set forth in the Plan or a Grant Agreement or to interfere with or limit in any way the right of the

Corporation or any Subsidiary of the Corporation to terminate Participant's employment or service arrangement with the Corporation or any Subsidiary of the Corporation.

**6.4 No Additional Rights.**

Neither the designation of an individual as a Participant nor the Grant of any Options, Share Units or other award to any Participant entitles any person to the Grant, or any additional Grant, as the case may be, of any Options, Share Units or other award under the Plan. For greater certainty, the Board's decision to approve a Grant in any period shall not require the Board to approve a Grant to any Participant in any other period; nor shall the Board's decision with respect to the size or terms and conditions of a Grant in any period require it to approve a Grant of the same or similar size or with the same or similar terms and conditions to any Participant in any other period. The Board shall not be precluded from approving a Grant to any Participant solely because such Participant may have previously received a Grant under this Plan or any other similar compensation arrangement of the Corporation or a Subsidiary. No Eligible Person has any claim or right to receive a Grant except as may be provided in a written employment or services agreement between an Eligible Person and the Corporation or a Subsidiary of the Corporation.

**6.5 Amendment, Termination.**

Subject to compliance with Applicable Law, including, if required, the approval of any Stock Exchange, the Plan and any Grant made pursuant to the Plan may be amended, modified or terminated by the Board without approval of shareholders, provided that no amendment to the Plan or Grants made pursuant to the Plan may be made without the consent of a Participant if it adversely alters or impairs the rights of the Participant in respect of any Grant previously granted to such Participant under the Plan, except that Participant consent shall not be required where the amendment is required for purposes of compliance with Applicable Law. Notwithstanding the foregoing, the Board may amend the Plan and any Grant without approval for shareholders or Participants in order to satisfy the requirements of any Stock Exchange.

For greater certainty, for so long as the Corporation's Shares are listed on a Stock Exchange, the Plan may not be amended without shareholder approval in accordance with the Stock Exchange Rules to do any of the following:

- (a) increase in the maximum number of Shares issuable pursuant to the Plan and as set out in Section 4.1;
- (b) reduce the Exercise Price of an outstanding Option, except as set forth in Section 5, provided that, for so long as the Shares are listed on the TSX Venture Exchange, disinterested shareholder approval will be obtained for any reduction in the Exercise Price of an Option if the Participant holding such Option is an Insider at the time of the proposed amendment;
- (c) extend the maximum term of any Grant made under the Plan, except pursuant to Section 8.7 or Section 13.3, provided that, for so long as the Shares are listed on the TSX Venture Exchange, disinterested shareholder approval will be obtained for any extension of the maximum term of any Option if the Participant holding such Option is an Insider at the time of the proposed amendment;
- (d) amend the assignment provisions contained in Section 6.11;
- (e) amend the termination provisions applicable to any Grant;



- (f) amend the limitations contained in Sections 4.2, 4.3, 4.4 or 4.5;
- (g) amend the method for determining the Exercise Price of an Option, as set out in Section 8.2, or the value of a Share Unit on the Grant Date or the Vesting Date, as set out in Sections 11.2 and 13.2;
- (h) include other types of equity compensation involving the issuance of Shares under the Plan;
- (i) amend the categories of persons who may participate in the Plan as Participants;
- (j) amend the Plan or any Grant in any manner which results in benefit to an Insider, provided that, for so long as the Shares are listed on the TSX Venture Exchange, disinterested shareholder approval will be obtained for any such amendment; or
- (k) amend this Section 6.5 to amend or delete any of (a) through (j) or grant additional powers to the Board to amend the Plan or Grants without shareholder approval.

For greater certainty and without limiting the foregoing, shareholder approval shall not be required for the following amendments and the Board may make the following changes without shareholder approval, subject to any regulatory approvals including, where required, the approval of any Stock Exchange:

- (l) amendments of a “housekeeping” nature;
- (m) a change to the Vesting provisions of any Grants;
- (n) a change to the termination provisions of any Grant that does not entail an extension beyond the original term of the Grant; or
- (o) amendments to the provisions relating to a Change in Control.

#### 6.6 **Currency.**

All references in the Plan to currency refer to lawful Canadian, U.S. or other currency as determined from time to time by the Board in its sole discretion, failing which the reference shall be deemed to be to Canadian currency except where the context otherwise requires. To the extent that any amounts referenced in this Plan are denominated in a currency other than Canadian dollars or U.S. dollars, and are determined by the Board in its sole discretion to be converted to Canadian dollars, U.S. dollars or other currency, such amounts shall be converted at the applicable Bank of Canada daily exchange rate on the date as of which the converted amount is required to be determined.

#### 6.7 **Administration Costs.**

The Corporation will be responsible for all costs relating to the administration of the Plan.

#### 6.8 **Designation of Beneficiary.**

Subject to the requirements of Applicable Law, a Participant may designate a Beneficiary, in writing, to receive any benefits that are provided under the Plan upon the death of such

Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in such form as may be prescribed by the Board from time to time. A Beneficiary designation under this Section 6.8 and any subsequent changes thereto shall be filed with the general counsel of the Corporation.

**6.9 Governing Law.**

The Plan and any Grants pursuant to the Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and with respect to Participants who are US Taxpayers, with the Code and applicable federal laws of the US. The Board may provide that any dispute to any Grant shall be presented and determined in such forum as the Board may specify, including through binding arbitration. Any reference in the Plan, in any Grant Agreement issued pursuant to the Plan or in any other agreement or document relating to the Plan to a provision of law or rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability. To the extent applicable, with respect to Participants who are US Taxpayers, this Plan shall be interpreted in accordance with the requirements of Code Sections 409A and the regulations, notices, and other guidance of general applicability issued thereunder.

**6.10 Assignment.**

The Plan shall enure to the benefit of and be binding upon the Corporation, its successors and assigns.

**6.11 Transferability.**

No Grant, and no rights or interests therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Participant other than by testamentary disposition by the Participant or the laws of intestate succession. No such interest shall be subject to execution, attachment or similar legal process including without limitation seizure for the payment of the Participant's debts, judgments, alimony or separate maintenance.

**7. EFFECTIVE DATE**

7.1 The Plan is established effective [•].

## PART II – OPTIONS

### 8. OPTIONS

- 8.1 The Corporation may, from time to time, make one or more Grants of Options to Eligible Persons on such terms and conditions, consistent with the Plan, as the Board shall determine. In granting such Options, subject to the provisions of the Plan, the Corporation shall specify,
- (a) the maximum number of Shares which the Participant may purchase under the Options;
  - (b) the Exercise Price at which the Participant may purchase his or her Shares under the Options; and
  - (c) the term of the Options, to a maximum of ten (10) years from the Grant Date of the Options, the Vesting period or periods within this period during which the Options or a portion thereof may be exercised by a Participant and any other Vesting conditions (including Performance Conditions).
- 8.2 The Exercise Price for each Share subject to an Option shall be fixed by the Board but under no circumstances shall any Exercise Price be less than one hundred percent (100%) of the Discounted Market Price based upon the most recent closing price of the Shares prior to the Grant of such Option.
- 8.3 Subject to Section 8.4, the Options included in a Grant shall Vest at the discretion of the Board at the time of the Grant.
- 8.4 Notwithstanding Section 8.3, Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months such that:
- (a) no more than 1/4 of the Options vest no sooner than three months after the Options were granted;
  - (b) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted;
  - (c) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted; and
  - (d) the remainder of the Options vest no sooner than 12 months after the Options were granted.
- 8.5 Subject to the provisions of the Plan and the terms governing the granting of the Option, and subject to payment or other satisfaction of all related withholding obligations in accordance with Section 6.2, Vested Options or a portion thereof may be exercised from time to time by delivery to the Corporation at its registered office of a notice in writing signed by the Participant or the Participant's legal personal representative, as the case may be, and addressed to the Corporation. This notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Options and the number of Shares in respect of which the Options are then being exercised and must be

accompanied by payment in full of the Exercise Price under the Options which are the subject of the exercise.

- 8.6 Notwithstanding Section 8.5, the Board may permit a Participant other than an Investor Relations Service Provider, in lieu of paying the aggregate exercise price in cash, to indicate in the exercise notice that such Participant intends to transfer and dispose of the Options (the “**Surrender**”) for cancellation and, in such case, the Participant shall surrender the Options being exercised and elect to receive that number of Shares calculated using the following formula, subject to acceptance of a notice of Surrender (“**Surrender Notice**”) by the Board and provided that arrangements satisfactory to the Corporation have been made to pay any applicable withholding taxes:

$$X = (Y*(A-B))/A$$

Where:

X = the number of Shares to be issued to the Participant upon surrendering such Options; provided that if the foregoing calculation results in a negative number, then no Shares shall be issued.

Y = the number of Shares underlying the Options to be Surrendered.

A = the Market Price of the Shares as at the date of the Surrender.

B = the Exercise Price of such Options.

- 8.7 If the normal expiry date of any Option falls within any Blackout Period, then the expiry date of such Option shall, without any further action, be extended to the date that is ten (10) business days following the end of such Blackout Period. The foregoing extension applies to all Options whatever the Grant Date and shall not be considered an extension of the term of the Options as referred to in Section 6.5.

## 9. TERMINATION OF EMPLOYMENT, DEATH, AND DISABILITY – OPTIONS

- 9.1 Outstanding Options held by a Participant as of the Participant's Termination shall be subject to the provisions of this Section 9, as applicable; except that, in all events, the period for exercise of Options shall end no later than the last day of the maximum term thereof established under Section 8.1(c), 8.7, or 9.4, as the case may be. Options that are not exercised prior to the expiration of the exercise period, including any extended exercise period contemplated by this Section 9.1, following a Participant's date of Termination or Disability Date, as the case may be, shall automatically expire on the last day of such period.
- 9.2 Subject to the applicable Grant Agreement and Section 9.1, in the case of a Participant's Termination due to death or Disability, (i) the Participant's outstanding Options that have become Vested prior to the Participant's Termination due to death or Disability shall continue to be exercisable during the twelve (12) month period following the Participant's date of Termination due to death or Disability Date, and (ii) the Participant's outstanding Options that are unvested on the Participant's date of Termination due to death or Disability Date shall be forfeited.
- 9.3 Subject to the applicable Grant Agreement and Section 9.1, in the case of a Participant's Termination due to resignation (including the voluntary withdrawal of services by a Participant who is not an employee under Applicable Law) or Termination without Cause (including by way of constructive dismissal), (i) the Participant's outstanding Options that

have become Vested prior to the Participant's Termination shall continue to be exercisable during the ninety (90) day period following the Participant's Termination, and (ii) the Participant's outstanding Options that are unvested on the Participant's Termination shall be forfeited.

- 9.4 In addition to the Board's rights under Section 3.1, the Board may, at the time of a Participant's Termination or Disability Date, extend the period for exercise of some or all of the Participant's Options, but not beyond the original expiry date, and/or allow for the continued Vesting of some or all of the Participant's Options during the period for exercise or a portion of it, in each case for a period of time not to exceed 12 months following the date of a Participant's Termination or Disability.
- 9.5 Notwithstanding any other provision hereof or in any Grant Agreement, in the case of a Participant's Termination for Cause, any and all then outstanding Vested and unvested Options granted to the Participant shall be immediately forfeited and cancelled, without any consideration as of the Termination.
- 9.6 For greater certainty, a Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any Options that do not become Vested, that have been forfeited, or that are not exercised before the date on which the Options expire, whether related or attributable to any contractual or common law termination entitlements or otherwise.

## PART III – SHARE UNITS

### 10. DEFINITIONS

- 10.1 **“Grant Value”** means the dollar amount allocated to an Eligible Person in respect of a Grant of Share Units.
- 10.2 **“Share Unit Account”** has the meaning set out in Section 12.1.
- 10.3 **“Valuation Date”** means the date as of which the Market Price is determined for purposes of calculating the number of Share Units included in a Grant, which unless otherwise determined by the Board shall be the Grant Date, provided that the Market Price may not be below the Discounted Market Price based on the last closing price of the Shares prior to the Grant of Share Units.
- 10.4 **“Vesting Period”** means, with respect to a Grant of Share Units, the period specified by the Board, commencing on the Grant Date and ending on the last Vesting Date for such Share Units.

### 11. ELIGIBILITY AND GRANT DETERMINATION.

- 11.1 The Board may from time to time make one or more Grants of Share Units to Eligible Persons other than Investor Relations Service Providers on such terms and conditions, consistent with the Plan, as the Board shall determine, provided that, in determining the Eligible Persons to whom Grants are to be made and the Grant Value for each Grant, the Board shall take into account the terms of any written employment agreement or contract for services between an Eligible Person and the Corporation or any Subsidiary of the Corporation and may take into account such other factors as it shall determine in its sole and absolute discretion.
- 11.2 The Board shall determine the Grant Value and the Valuation Date (if not the Grant Date) for each Grant under this Part III. The number of Share Units to be covered by each such Grant shall be determined by dividing the Grant Value for such Grant by the Market Price of a Share as at the Valuation Date for such Grant, rounded up to the next whole number, provided that if such Market Price is less than the Discounted Market Price of the Shares based on the last closing price of the Shares prior to the Grant of the Share Units, the number of Share units shall be determined by dividing the Grant Value for such Grant by the Discounted Market Price based on the last closing price of the Shares prior to the Grant of the Share Units.
- 11.3 Each Grant Agreement issued in respect of Share Units shall set forth, at a minimum, the type of Share Units and Grant Date of the Grant evidenced thereby, the number of RSUs or PSUs subject to such Grant, the applicable Vesting conditions, the applicable Vesting Period(s) and the treatment of the Grant upon Termination, and may specify such other terms and conditions consistent with the terms of the Plan as the Board shall determine or as shall be required under any other provision of the Plan. The Board may include in a Grant Agreement under this Part III terms or conditions pertaining to confidentiality of information relating to the Corporation’s operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting of Share Units.

## 12. ACCOUNTS AND DIVIDEND EQUIVALENTS

### 12.1 Share Unit Account.

An account, called a “**Share Unit Account**”, shall be maintained by the Corporation, or a Subsidiary of the Corporation, as specified by the Board, for each Participant who has received a Grant of Share Units and will be credited with such Grants of Share Units as are received by a Participant from time to time pursuant to Section 11 and any dividend equivalent Share Units pursuant to Section 12.2. Share Units that fail to Vest to a Participant and are forfeited pursuant to Section 13, or that are paid out to the Participant or his or her Beneficiary, shall be cancelled and shall cease to be recorded in the Participant’s Share Unit Account as of the date on which such Share Units are forfeited or cancelled under the Plan or are paid out, as the case may be. For greater certainty, where a Participant is granted both RSUs and PSUs, such RSUs and PSUs shall be recorded separately in the Participant’s Share Unit Account.

### 12.2 Dividend Equivalent Share Units.

Except as otherwise provided in the Grant Agreement relating to a Grant of RSUs or PSUs, if and when cash dividends (other than extraordinary or special dividends) are paid with respect to Shares to shareholders of record as of a record date occurring during the period from the Grant Date under the Grant Agreement to the date of settlement of the RSUs or PSUs granted thereunder, a number of dividend equivalent RSUs or PSUs, as the case may be, shall be credited to the Share Unit Account of the Participant who is a party to such Grant Agreement. The number of such additional RSUs or PSUs will be calculated by dividing the aggregate dividends or distributions that would have been paid to such Participant if the RSUs or PSUs in the Participant’s Share Unit Account had been Shares by the Market Price on the date on which the dividends or distributions were paid on the Shares, provided that if such Market Price is less than the Discounted Market Price of the Shares based on the last closing price of the Shares prior to the date on which the dividends or distributions were paid, the number of additional RSUs or PSUs shall be determined by dividing the aggregate dividends or distributions that would have been paid to such Participant if the RSUs or PSUs in the Participant’s Share Unit Account had been Shares by the Discounted Market Price based on the last closing price of the Shares prior to date on which the dividends or distributions were paid. The additional RSUs or PSUs granted to a Participant will be subject to the same terms and conditions, including Vesting and settlement terms, as the corresponding RSUs or PSUs, as the case may be.

## 13. VESTING AND SETTLEMENT OF SHARE UNITS

### 13.1 Vesting.

Subject to this Section 13 and the applicable Grant Agreement, Share Units subject to a Grant and dividend equivalent Share Units credited to the Participant’s Share Unit Account in respect of such Share Units shall Vest in such proportion(s) and on such Vesting Date(s) as may be specified in the Grant Agreement governing such Grant provided that the Participant’s Employment has not Terminated on the relevant Vesting Date and provided further that any Share Units, and dividend equivalent Share Units credited to a Participant in respect of such Share Units, may not vest before the date that is one year following the date that such Share Units are granted.

### 13.2 Settlement.

A Participant’s RSUs and PSUs, adjusted in accordance with the applicable multiplier, if any, as set out in the Grant Agreement, and rounded down to the nearest whole number

of RSUs or PSUs, as the case may be, shall be settled, by a distribution as provided below to the Participant or his or her Beneficiary following the Vesting thereof in accordance with Section 13.1 or 13.7, as the case may be, subject to the terms of the applicable Grant Agreement. In all events, unless the Grant Agreement specifies that RSUs and PSUs must be settled through the issuance of Shares, settlement will occur upon or as soon as reasonably practicable following Vesting and, in any event, on or before December 31 of the third year following the year in which the Participant performed the services to which the Grant of RSUs or PSUs relates. Settlement shall be made by the issuance of one Share for each RSU or PSU then being settled, a cash payment equal to the Market Price on the Vesting Date of the RSUs or PSUs being settled in cash (subject to Section 13.3), or a combination of Shares and cash, all as determined by the Board in its discretion, or as specified in the applicable Grant Agreement, and subject to payment or other satisfaction of all related withholding obligations in accordance with Section 6.2.

**13.3 Postponed Settlement.**

If a Participant's Share Units would, in the absence of this Section 13.3 be settled within a Blackout Period applicable to such Participant, such settlement shall be postponed until the earlier of the tenth business day following the date on which such Blackout Period ends and the otherwise applicable date for settlement of the Participant's Share Units as determined in accordance with Section 13.2, and the Market Price of any RSUs or PSUs being settled in cash will be determined as of the earlier of the business day on which the Blackout Period ends and the day prior to the settlement date.

**13.4 Failure to Vest.**

Subject to the terms of the Grant Agreement and this Section 13, all Share Units that are not Vested and do not become Vested on the Participant's Termination shall be immediately forfeited. For greater certainty, a Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, whether related or attributable to any contractual or common law notice period or otherwise, with respect to any RSUs or PSUs that do not become Vested or are forfeited hereunder.

**13.5 Resignation, Death and Disability.**

Subject to the applicable Grant Agreement and Section 13.7, in the event a Participant's employment is Terminated as a result of the Participant's resignation (which is not in connection with a constructive dismissal by the Corporation or a Subsidiary of the Corporation), death or Disability, no Share Units that have not Vested prior to such Termination, including dividend equivalent Share Units in respect of such Share Units, shall Vest and all such Share Units shall be forfeited immediately.

**13.6 Termination of Employment without Cause.**

Subject to the applicable Grant Agreement and Section 13.7, in the event a Participant's Termination without Cause (which shall include a constructive dismissal by the Corporation or a Subsidiary of the Corporation), no Share Units that have not Vested prior to such Termination, including dividend equivalent Share Units in respect of such Share Units, shall Vest and all such Share Units shall be forfeited immediately.

**13.7 Extension of Vesting.**

The Board may, at the time of Termination or a Disability Date, extend the period for Vesting of Share Units for a period of time not to exceed 12 months following the date of a Participant's Termination or Disability, but not beyond the original end of the applicable



Vesting Period.

13.8 **Termination of Employment for Cause.**

In the event a Participant's employment is Terminated for Cause by the Corporation or a Subsidiary, no Share Units that have not Vested prior to the date of the Participant's Termination for Cause, including dividend equivalent Share Units in respect of such Share Units, shall Vest and all such Share Units shall be forfeited immediately, except only as may be required to satisfy the express minimum requirements of applicable employment or labour standards legislation. The Participant shall have no further entitlement to Share Units following the Termination and waives any claim to damages in respect thereof whether related or attributable to any contractual or common law termination entitlements or otherwise.

**14. SHAREHOLDER RIGHTS**

14.1 **No Rights to Shares.**

Share Units are not Shares and a Grant of Share Units will not entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

## Exhibit "A"

### Prospector Metals Corp. Equity Incentive Plan

#### Special Provisions Applicable to US Taxpayer

This Exhibit sets forth special provisions of the Prospector Metals Corp. Equity Incentive Plan (the "Plan") that apply to Participants who are US Taxpayers. This Exhibit shall apply to such Participants notwithstanding any other provisions of the Plan. Terms defined elsewhere in the Plan and used herein shall have the meanings set forth in the Plan, as may be amended from time to time.

#### 1. Definitions

**"Disability"** means, (i) solely with respect to Incentive Stock Options, a Participant's total and permanent disability within the meaning of Section 22(e)(3) of the Code, or (ii) solely with respect to an award that constitutes deferred compensation subject to Section 409A of the Code that includes Disability as a payment date, a "disability" as defined under Section 409A of the Code.

**"Eligible Person"** means, solely with respect to Options, an individual Employed by the Corporation or any of its subsidiaries who, by the nature of his or her position or job is, in the opinion of the Board, in a position to contribute to the success of the Corporation; provided, however, that only officers and employees of the Corporation or Subsidiary shall be eligible to receive Incentive Stock Options.

**"Greater than 10% Shareholder"** means an Eligible Person who, effective as of the Grant Date of an Incentive Stock Option, owns (directly or indirectly, within the meaning of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation (or any subsidiary or parent of the Corporation within the meaning of Sections 424(e) and 424(f) of the Code).

**"Incentive Stock Option"** means an Option awarded under the Plan to a US Taxpayer that is intended to be an "incentive stock option" as defined in Section 422 of the Code.

**"Market Price"** means, solely with respect to the term "Exercise Price", (a) if the Shares are listed on the Stock Exchange, the closing price per Share on the Stock Exchange on the Grant Date; (b) if the Shares are listed on more than one Stock Exchange, the fair market value as determined in accordance with paragraph (a) above for the primary Stock Exchange on which the Shares are listed, as determined by the Board; and (c) if the Shares not listed for trading on a Stock Exchange, a price which is determined by the Board in good faith to be the fair market value of the Shares in compliance with Section 409A of the Code.

**"Nonqualified Stock Option"** means an Option granted under the Plan that is not intended to be, and does not otherwise qualify as, an Incentive Stock Option.

**"Separation From Service"** shall have the meaning assigned to it in Section 1.409A-1(h), which generally means that an individual's employment or service with the Corporation and any entity that is to be treated as a single employer with the Corporation for purposes of United States Treasury Regulation Section 1.409A-1(h) terminates such that it is reasonably anticipated that no further services will be performed or that the level of bona fide services performance would decrease to no more than 20% of the average level of bona fide services performed over the immediately preceding 36-month period.

**"Specified Employee"** means a US Taxpayer who meets the definition of "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code.

“**Subsidiary**” shall have the meaning assigned to it in Section 424(f) of the Code with respect to any Incentive Stock Option.

## 2. Options

- a. **Grant Date.** The Grant Date for any Options granted to a US Taxpayer may not be earlier than the date that the Board approves the Grant.
- b. **Shares Available.** The aggregate number of Shares that may be issued to US Taxpayers under the Plan shall be 1,000,000 Shares, all of which may be issued pursuant to Incentive Stock Options.
- c. **Grant of Incentive Stock Options.** The Board may grant Incentive Stock Options to Eligible Persons that are US Taxpayers under the Plan. If an Incentive Stock Option is granted to a Greater than 10% Shareholder, then the Exercise Price may not be less than 110% of the Market Value on the Grant Date, and the expiration of the exercise period shall not be later than the fifth anniversary of the Grant Date. Any Option that is intended to be an Incentive Stock Option, but fails to so qualify for any reason, including, without limitation, the portion of an Option becoming exercisable in any year in excess of the \$100,000 limitation described in Treasury Regulation Section 1.422-4, shall be treated as Nonqualified Stock Options. Neither the Corporation nor the Board shall have any liability to a US Taxpayer, or any other party, if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as such for any reason.
- d. **Shareholder Approval for Incentive Stock Options.** Incentive Stock Options may only be granted under the Plan if the Corporation’s shareholders approve the Plan within twelve (12) months of the Effective Date. Any Incentive Stock Options granted under the Plan prior to such approval shall be conditioned on such approval. No Incentive Stock Options may be granted after then tenth (10<sup>th</sup>) anniversary of the Effective Date of the Plan unless the Corporation’s shareholders approve an extension of the Plan for such purpose.
- e. **Notice of Disposition of Shares Acquired from Incentive Stock Options.** A Participant shall give prompt notice to the Corporation of any disposition or other transfer of any Shares acquired upon exercise of an Incentive Stock Option if such disposition is made before the earlier of (i) the second anniversary of the Grant Date and (ii) the first anniversary of the date the Shares were issued upon exercise. Such notice shall specify the date of such disposition or transfer and the amount realized by the Participant as a result of such disposition or transfer.

## 3. Transferability.

Notwithstanding anything in the Plan or Grant Agreement to the contrary, Incentive Stock Options may only be exercised during a Participant’s lifetime by the Participant, and may only be transferred by will or pursuant to the laws of descent and distribution. Any other awards may only be transferred by will, the laws of descent and distribution, or as permitted by Rule 701 of the Securities Act of 1933, as amended.

## 4. Impact of Blackout on Exercise or Settlement of Awards.

Section 8.7 of the Plan shall not apply to Options granted to US Taxpayers. Section 13.3 of the Plan shall not apply to Share Units granted to US Taxpayers that are deferred compensation subject to the rules of Code Section 409A unless permitted by Treas. Reg. Section 1.409A-2(b)(7)(ii).

## 5. Change in Control Treatment

Notwithstanding anything to the contrary, if the Change in Control event does not constitute a change in ownership or effective control of the Corporation or a change in ownership of a substantial portion of the

assets of the Corporation under Section 409A of the Code, and if the Corporation determines any award under the Plan constitutes deferred compensation subject to Section 409A of the Code, then as determined in the sole discretion of the Board, the vesting of such award may be accelerated as of the effective date of the Change in Control, but the Corporation shall pay such award in accordance with the original terms and conditions of the award as if the Change of Control had not occurred.

## **6. Adjustments**

Any adjustments made to an award granted to a US Taxpayer under Section 5 of the Plan shall be intended to comply with the requirements of Section 422 of the Code with respect to Incentive Stock Options and Section 409A of the Code with respect to any other awards to the extent needed for the award to continue to be exempt from, or comply with, Section 409A of the Code.

## **7. Compliance with Section 409A**

The intent of the parties is that payments and benefits under this Plan comply with or be exempt from Section 409A of the Code, and accordingly, to the maximum extent permitted, this Plan shall be interpreted and administered in accordance with such intent. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, a Participant shall not be considered to have terminated employment with the Corporation for purposes of this Plan unless the Participant would be considered to have incurred a Separation from Service from the Corporation. Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this Plan that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, deferred compensation amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan (or any other plan or agreement of the Corporation) during the six (6) month period immediately following the Specified Employee's Separation from Service shall instead be paid on the first business day after the date that is six (6) months following the Specified Employee's Separation from Service (or death, if earlier). The Plan and any award agreements issued thereunder may be amended in any respect deemed by the Board to be necessary in order to preserve compliance with Section 409A of the Code. The Corporation makes no representation that any or all of the payments described in this Plan will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. Each Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A of the Code.