



Notice of Annual General Meeting and Management Information Circular

For the Annual General Meeting of Shareholders to be held on November 27, 2024

Dated as of November 6, 2024



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710-1030 West Georgia Street,
Vancouver, British Columbia, V6E 2Y3

NOTICE OF ANNUAL GENERAL MEETING

Take notice that the annual general meeting (the “**Meeting**”) of the shareholders of South Pacific Metals Corp. (the “**Company**”) will be held at 710-1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3 on November 27, 2024, at 10:00 a.m. (PST), for the following purposes:

1. To fix the number of directors for the ensuing year at six (6).
2. To receive the audited consolidated financial statements of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix remuneration of auditor.
3. To elect directors to hold office until the next shareholders’ meeting of the Company.
4. To appoint Smythe LLP as the auditor of the Company to hold office until the next shareholders’ meeting of the Company and to authorize the directors to fix the remuneration to be paid to the auditor.
5. To consider, and if deemed advisable, to approve, with or without variation, an ordinary resolution ratifying the adoption of a new omnibus incentive plan, as more particularly described in the accompanying management information circular.
6. To consider any permitted amendment to or variation of any matter identified in this notice of the Meeting and to transact such other business as may properly come before the Meeting or any adjournment thereof.

A Management Information Circular (“**Information Circular**”) accompanies and is deemed to form part of this notice of the Meeting. The Information Circular contains details of matters to be considered at the Meeting. Additional information is also available free of charge on SEDAR+ at www.sedarplus.ca.

A shareholder who is unable to attend the Meeting virtually and who wishes to ensure that such shareholder’s shares will be voted at the Meeting is requested to complete, date and sign the enclosed form of proxy (the “**Proxy**”), or another suitable form of proxy, and deliver it in accordance with the instructions set out in the Proxy and in the Information Circular.

If you have any questions about the procedures required to vote or about obtaining and depositing the required Proxy, you should contact Odyssey Trust Company by telephone within North America at 1-888-290-1174, outside North America at 1-587-885-0960, or by e-mail at shareholders@odysseytrust.com.

Dated at Vancouver, British Columbia, November 6, 2024.

BY ORDER OF THE BOARD OF DIRECTORS

“Michael Murphy”

Michael Murphy
Chief Executive Officer and Executive Chair



710-1030 West Georgia Street,
Vancouver, British Columbia, V6E 2Y3

MANAGEMENT INFORMATION CIRCULAR

as at November 6, 2024

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of South Pacific Metals Corp. (the “Company”) for use at the annual general meeting of its shareholders (the “Meeting”) to be held on November 27, 2024, at the time and place and for the purposes set forth in the accompanying notice of the Meeting. Except where otherwise indicated, the information contained herein is stated as at November 6, 2024.

In this Information Circular, references to “the Company”, “we” and “our” refer to South Pacific Metals Corp. “Common Shares” means common shares in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name, “Registered Shareholders” means shareholders whose names appear on the records of the Company as the registered holders of Common Shares and “intermediaries” refers to brokers, investment firms, clearing houses, trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The form of proxy accompanying this Information Circular (the “**Proxy**”) is solicited by and on behalf of the management of the Company. The solicitation of Proxies will be primarily by mail, but Proxies may be solicited personally, by telephone or other means of communication and by directors, officers, and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to Beneficial Shareholders, and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying Proxy are officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.** The only methods by which you may appoint a person as proxy are submitting the Proxy, or other suitable form of proxy, by mail, hand delivery, fax, phone or by way of the Internet, as set out on the accompanying Proxy.

Voting by Proxyholder; Exercise of Discretion

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

The Proxy confers discretionary authority on persons named therein with respect to:



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

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

If you are a Registered Shareholder, you may wish to vote by Proxy whether or not you are able to attend the Meeting in person. If you submit a Proxy, you must complete, date and sign the Proxy and then return it to the Company's transfer agent, Odyssey Trust Company ("**Odyssey**"), by fax within North America at 1-800-517-4553, by email at proxy@odysseytrust.com, or online at <https://vote.odysseytrust.com>, or by mail or by hand at United Kingdom Building, Suite 350, 409 Granville Street, Vancouver, British Columbia, V6C 1T2, no later than 10:00 a.m. (PST) on November 25, 2024.

Beneficial Shareholders

The following information is of importance to many shareholders of the Company who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

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

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

If you are a Beneficial Shareholder:

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

The form of proxy or voting instruction form supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders of the Company. However, its purpose is limited to instructing the intermediaries on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**") in the U.S. and in Canada. Broadridge mails a voting instruction form in lieu of a Proxy provided by the Company. The voting instruction form will name the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the Internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Common Shares voted.**



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

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

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

The Company has decided to continue to take advantage of those provisions of National Instrument 54-101, *Communication with Beneficial Owners of Securities of Reporting Issuers* (“**NI 54-101**”) that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form (the “**VIF**”) from Odyssey. These VIFs are to be completed and returned to Odyssey in the envelope provided or by facsimile. In addition, Odyssey provides both telephone voting and internet voting as fully described on the VIF. Odyssey will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive. The Company intends to pay for intermediaries to deliver the proxy related materials and related forms with respect to the Meeting to OBOs. The Company is not sending the Meeting materials to shareholders using “notice-and-access”, as defined in NI 54-101. Odyssey

NOBOs should carefully follow the instructions of Odyssey, including those regarding when and where to complete the VIFs that are to be returned to Odyssey. Should a NOBO wish to vote at the Meeting in person, the NOBO must insert the name of the NOBO in the space provided and attend the Meeting and vote in person.

NOBOs who wish to change their vote must contact Odyssey to arrange to change their vote in sufficient time in advance of the Meeting.

These shareholder materials are being sent to both Registered Shareholders and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding Common Shares on your behalf.

By choosing to send these shareholder materials to you directly, the Company (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions as specified in the request for voting instructions.

Beneficial Shareholders with questions respecting the voting of Common Shares held through a stockbroker or other financial intermediary should contact that stockbroker or other intermediary for assistance.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy, or other suitable form of proxy, may revoke it by:

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder’s authorized attorney in writing, or, if the Registered Shareholder is a company, under its corporate seal by an



officer or attorney duly authorized, and by delivering the Proxy bearing a later date or the notice of revocation to Odyssey , or

- (b) at the address of the Company's Attorney for Service in British Columbia at 1133 Melville Street, Suite 3500, The Stack, Vancouver, BC, V6E 4E5, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (c) personally attending the Meeting and voting the Registered Shareholder's Common Shares.

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

CURRENCY

All currency amounts in this Information Circular are expressed in Canadian dollars, unless otherwise indicated.

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

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors of the Company (the "Board") has fixed October 18, 2024, as the record date (the "Record Date") for the determination of persons entitled to receive notice of, and vote at, the Meeting and any adjournment thereof. Only Registered Shareholders at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a Proxy, or other suitable form of proxy, in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Company is authorized to issue an unlimited number of Common Shares without par value. As at November 6, 2024, there were 38,728,920 Common Shares without par value issued and outstanding, each carrying the right to one vote. The Company has no other classes of voting securities.

As at the date of this Information Circular, to the knowledge of the directors and executive officers of the Company, no one shareholder beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all of the outstanding Common Shares of the Company, except as follows:

Shareholder Name	Number of Common Shares ⁽¹⁾	Percentage of Class
Snowfields Wealth Management Limited	3,972,901	10.26%

Notes:

- 1) As reported in public filings.



QUORUM; VOTES NECESSARY TO PASS RESOLUTIONS

The Company's Articles provide that a quorum for the transaction of business at any shareholders' meeting is two (2) shareholders or proxyholders present, representing an aggregate of at least 5% of the issued Common Shares entitled to be voted at the shareholders' meeting. If a quorum is not present within one-half hour after the time set for the commencement of the Meeting, the Meeting will be adjourned and set over for one week to the same time and place, and thereupon whatever number of Common Shares is represented at such adjournment shall constitute a quorum.

A simple majority (being 50% plus one vote) of affirmative votes cast at the Meeting is required to pass an ordinary resolution of the Company, whereas a special majority (being 66 2/3%) of affirmative votes cast at the Meeting is required to pass a special resolution of the Company. If there are more nominees for election as directors or appointment as the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed.

COMPENSATION OF EXECUTIVE OFFICERS

Set out below are particulars of compensation paid to the following persons (the "Named Executive Officers" or "NEOs"):

- (a) the Company's Chief Executive Officer ("CEO");
- (b) the Company's Chief Financial Officer ("CFO");
- (c) each of the Company's or any of its subsidiaries' three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual for whom disclosure would have been provided under (c) but for the fact that the individual was not serving as an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

As at December 31, 2023, the end of the most recently completed financial year of the Company, the Company had two (2) Named Executive Officers, Adam Clode, former CEO, and Martin Cooper, former CFO. On May 15, 2024, Adam Clode was replaced as CEO by Michael Murphy, and on May 3, 2024, Martin Cooper was replaced as CFO by Scott Kelly.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, is a summary compensation (excluding compensation securities)) paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to the directors and NEOs for each of the Company's two (2) most recently completed financial years (December 31, 2022, December 31, 2023).

Table of compensation excluding compensation securities							
Name and position	Year ended December 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
	2022	167,975	Nil	Nil	Nil	Nil	167,975

Table of compensation excluding compensation securities							
Name and position	Year ended December 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Matthew Salthouse, Former CEO and Director ⁽¹⁾	2023	119,509	Nil	Nil	Nil	Nil	119,509
Adam Clode, Former CEO ⁽²⁾	2023	45,000	Nil	Nil	Nil	Nil	45,000
Bart Lendrum, Former CFO ⁽³⁾	2022	144,242	Nil	Nil	Nil	Nil	219,310
	2023	108,374	Nil	Nil	Nil	Nil	108,374
Martin Cooper, Former CFO ⁽⁴⁾	2023	90,311	Nil	Nil	Nil	Nil	90,311
Marcus Engelbrecht, Former Chair and Director ⁽⁵⁾	2022	Nil	Nil	52,000	Nil	Nil	52,000
	2023	Nil	Nil	40,000	Nil	Nil	40,000
Geoffrey Lawrence, Director	2022	Nil	Nil	32,500	Nil	Nil	32,500
	2023	Nil	Nil	30,000	Nil	Nil	30,000
David Loretto, Former Director ⁽⁶⁾	2022	Nil	Nil	32,500	Nil	Nil	32,500
	2023	Nil	Nil	30,000	Nil	Nil	30,000
Dain Currie ⁽⁷⁾ Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2023	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- 1) On October 12, 2023, Matthew Salthouse resigned as CEO and director and was subsequently replaced as CEO by Adam Clode.
- 2) On May 15, 2024, Adam Clode was replaced as CEO by Michael Murphy.
- 3) On July 4, 2023, Bart Lendrum was replaced as CFO by Martin Cooper.
- 4) On October 9, 2023, Marcus Engelbrecht resigned as Chair and director.
- 5) On May 3, 2024, Martin Cooper was replaced as CFO by Scott Kelly.
- 6) On April 24, 2024, David Loretto resigned as director and Catherine Fitzgerald was subsequently appointed.
- 7) On September 18, 2023, Dain Currie was appointed as director.

External Management Companies

No NEOs or directors of the Company provide their services through external management companies.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each director and NEO by the Company during the year ended December 31, 2023.

Table of compensation securities							
Name and position	Type of Compensation security	Number of Compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Marcus Engelbrecht, Former Chair and Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Matthew Salthouse, Former CEO and Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Geoffrey Lawrence, Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Loretto, Former Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bart Lendrum, Former CFO	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The following table discloses the total amount of compensation securities held by the NEOs and directors as at the Company's financial year ended December 31, 2023:

Name and Position	Number of Options as at December 31, 2023
Matthew Salthouse, Former CEO and Director	1,275,000
Bart Lendrum, Former CFO	Nil
Marcus Engelbrecht, Former Chair and Director	870,000
Dain Currie, Director	Nil
David Loretto, Former Director	318,333
Geoffrey Lawrence, Director	1,195,000

No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified in the Company's financial year ended December 31, 2023.

There are no restrictions or conditions for converting, exercising, or exchanging the compensation securities.

No compensation securities were exercised by NEOs and directors during the financial year ended December 31, 2023.

Stock Option Plans and Other Incentive Plans



The Company previously adopted a stock option plan (the “**Option Plan**”) pursuant to which the Board may grant options (the “**Options**”) to purchase Common Shares of the Company to NEOs, directors and employees of the Company or affiliated corporations and to consultants retained by the Company.

The purpose of the Option Plan was to attract, retain, and motivate NEOs, directors, employees and other service providers by providing them with the opportunity, through options, to acquire an interest in the Company and benefit from the Company’s growth. Under the Option Plan, the maximum number of Common Shares reserved for issuance, including Options currently outstanding, is equal to ten (10%) percent of the Shares outstanding from time to time (the “**10% Maximum**”). The 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation or expiration of any Options, a number of Common Shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future Option grants.

The number of Common Shares which may be the subject of Options on a yearly basis to any one person cannot exceed five (5%) percent of the number of issued and outstanding Shares at the time of the grant. Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of the Company exercisable at a price which is not less than the market price of common shares of the Company on the date of the grant. The directors of the Company may, by resolution, determine the time period during which any option may be exercised (the “**Exercise Period**”), provided that the Exercise Period does not contravene any rule or regulation of such exchange on which the Common Shares may be listed. All Options will terminate on the earliest to occur of (a) the expiry of their term; (b) the date of termination of an optionee’s employment, office or position as director, if terminated for just cause; (c) ninety (90) days (or such other period of time as permitted by any rule or regulation of such exchange on which the Common Shares may be listed) following the date of termination of an optionee’s position as a director or NEO, if terminated for any reason other than the optionee’s disability or death; (d) thirty (30) days following the date of termination of an optionee’s position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee’s disability, death, or just cause; and (e) the date of any sale, transfer or assignment of the Option.

Options are non-assignable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be a NEO, director, employee, consultant, affiliate, or subsidiary of the Company, as the case may be. Subject to the foregoing restrictions, and certain other restrictions set out in the Option Plan, the Board is authorized to provide for the granting of Options and the exercise and method of exercise of options granted under the Option Plan.

During the financial year ended December 31, 2024, the Board adopted a new omnibus incentive plan (the “Compensation Plan”) for directors, officers, employees, and consultants. At this year’s Meeting, the Company is seeking ratification of the Compensation Plan by shareholders. Please refer to “Compensation Plan” below for further information.

Employment, Consulting, and Management Agreements

Matthew Salthouse had a consulting agreement with the Company with monthly fees paid in Singapore Dollars for his services as CEO of the Company. There was no fixed term of the agreement, and it could be terminated by the Company by providing six (6) months written notice or payment 6 months of fees or by the CEO by providing six (6) months written notice. The agreement was terminated on October 12, 2023.

Adam Clode had a consulting agreement with the Company with monthly fees paid in Canadian Dollars for his services as CEO of the Company. There was no fixed term of the agreement, and it could be terminated by the Company by providing three (3) months written notice or payment three (3) months of fees or by the CEO by providing three (3) months written notice. The Agreement was terminated on or about May 14, 2024.

Bart Lendrum had a consulting agreement with the Company with monthly fees paid in Singapore Dollars for his services as CFO of the Company. There was no fixed term of the agreement, and it could be terminated by the Company by providing six (6) months written notice or payment six (6) months of fees or by the CFO by providing six (6) months written notice. The agreement was terminated on or about July 4, 2023.



Martin Cooper had a consulting agreement with the Company with monthly fees paid in Singapore Dollars for his services as CFO of the Company. There was no fixed term of the agreement, and it could be terminated by the Company by providing three (3) months written notice or payment three (3) months of fees or by the CEO by providing three (3) months written notice. The agreement was terminated on or about May 3, 2024.

Oversight and Description of Director and Named Executive Officer Compensation

On December 3, 2020, the Company completed a Qualifying Transaction as such term is defined in Policy 2.4 - Capital Pool Companies of the TSX Venture Exchange (the “**TSX-V**”) and has since implemented the Company’s executive compensation program as described below.

Compensation Philosophy and Objectives

The Company’s executive compensation program is designed to attract and retain highly qualified and motivated individuals, reward performance and be competitive with the compensation arrangements of other resource companies of similar size and scope of operations. The Company’s Compensation and Nomination Committee considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-term interests of the Company and its shareholders, the overall financial and operating performance of the Company, an individual’s performance and contribution towards meeting corporate objectives, an individual’s responsibilities, an individual’s length of service and the levels of compensation provided by industry competitors.

The accountability for decisions on executive remuneration is clearly within the mandate of the Compensation and Nomination Committee, but management has a key role in helping support the Compensation and Nomination Committee in fulfilling its obligations. For example, the CEO makes recommendations to the Compensation and Nomination Committee regarding executive officer base salary adjustments, stock option grants and bonus awards. Advice may also be given to the Compensation and Nomination Committee by independent advisors and consultants to the Company. The Compensation and Nomination Committee reviews the basis for these recommendations and can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board. The Compensation and Nomination Committee is satisfied that the Company’s compensation structure appropriately takes into account the factors relevant to the industry, the Company’s performance within that industry and the individual contributions to the Company’s performance made by its NEOs.

The Company’s compensation structure for executive officers is primarily composed of two components – base salary/cash bonuses and Options. Note that cash bonuses may be awarded on an occasional and discretionary basis and, if awarded, reflect the Compensation and Nomination Committee’s assessment of the immediately preceding financial year’s performance.

In the course of its deliberations, the Compensation and Nomination Committee considers the implications and the risks associated with adopting the compensation program currently in place. The Compensation and Nomination Committee does not believe that the compensation program adopted by the Company creates a material risk that the NEOs or any employee would be encouraged to take inappropriate or excessive risks and no such risks have been detected to date. The Compensation and Nomination Committee will continue to include this consideration in its deliberations and believes that it and the Board would detect actions by management or employees of the Company that constitute or would lead to inappropriate or excessive risks.

The Board believes that it has exercised effective risk management and regulatory compliance relating to its compensation policies used in determining executive compensation. Risks related to compensation are taken into consideration as part of the general review and determination of executive compensation by the Board. Inappropriate and excessive risks by executives are mitigated by regular Board meetings during which financial and other information (including executive compensation) of the Company is reviewed, and which information includes executive compensation. Interested directors declare their interest and abstain from voting on compensation matters. No risks have been identified arising from the Company’s compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.



The Company does not have a policy restricting the ability of a Named Executive Officer or a director from purchasing financial instruments (including pre-paid variable forward contracts, equity swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities (or Options in respect thereof) granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. During the financial year ending December 31, 2023, none of the Named Executive Officers or directors purchased such financial instruments.

Compensation Elements

Base Salaries/Cash Bonuses

The base salaries payable to NEOs and other executive officers and employees are intended to remunerate them for discharging their job responsibilities and to reflect their performance over time in a manner that is reasonable in the circumstances. The Board relies on the Compensation and Nomination Committee to base its recommendations on objective criteria. Although the Compensation and Nomination Committee does not benchmark against any specific company or companies, it considers the overall trend of executive compensation in the junior mining industry. In making its recommendations to the Board, the Compensation and Nomination Committee also considers the skills and experience of the individual needed to fulfill their responsibilities. Base salaries may be increased based upon the individual's performance and contribution in respect of their specific duties or increases in median competitive pay levels. See "*Corporate Governance – Compensation*" below for additional information on compensation governance.

The Company does not have a formal bonus plan, and none of the Company's NEOs and other executive officers and employees have any contractual right to cash bonuses or short-term incentive compensation. However, the Board will rely upon the recommendation of the Compensation and Nomination Committee regarding cash bonus payments on objective criteria that includes the performance of the Company during the immediately preceding financial year, along with the financial condition of the Company and the state of the junior mining industry. The Company considers that performance bonus awards are an important part of their remuneration package and that associated performance targets reflect the key drivers for value creation and growth in shareholder value.

Security Based Compensation

As discussed above, the Company provides a Compensation Plan to motivate NEOs by providing them with the opportunity, through security based compensation, to acquire an interest in the Company and benefit from the Company's growth. The Board does not employ a prescribed methodology when determining the grant or allocation of security based compensation to NEOs. Other than the Option Plan, the Company does not offer any long-term incentive plans, share compensation plans, retirement plans, pension plans, or any other such benefit programs for NEOs.

Pension Disclosure

The Company has not established any pension plans, defined contribution plans, or deferred compensation plans for directors and executive officers that provide for payments or benefits at, following or in connection with retirement.



SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has no compensation plans under which equity securities are authorized for issuance, except for the shareholder approved Omnibus Incentive Plan. The following table sets out the equity compensation plan information as at December 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,521,667	\$0.20	8,906
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,521,667	\$0.20	8,906

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, proposed nominee for election as director, executive officer or their respective associates or affiliates, other management of the Company, employees, or former executive officers, directors or employees were indebted to the Company or its subsidiaries as at the end of the most recently completed financial year or as at the date hereof or have been indebted to the Company or its subsidiaries at any time since the beginning of the most recently completed financial year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An informed person is one who, generally speaking, is a director or officer or a 10% shareholder of the Company. To the knowledge of management of the Company, no informed person of the Company or proposed director of the Company or a subsidiary of the Company or any associate or affiliate of any informed person or proposed director had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, other than as set out below or elsewhere in this Information Circular.

MANAGEMENT CONTRACTS

Management functions of the Company and its subsidiaries are not, to any substantial degree, performed by anyone other than the directors or executive officers of the Company.

AUDIT COMMITTEE

The Company is required to have an Audit Committee under the *Business Corporations Act* (British Columbia) (the "**Act**") and pursuant to the provisions of National Instrument 52-110, *Audit Committees* ("**NI 52-110**"), which must be comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. Pursuant to NI 52-110, the Company is required to have a written charter, which sets out the duties and responsibilities of the Audit Committee. On January 29, 2021, the Audit Committee was changed to the "Audit and Risk Committee" and the charter was amended to provide further detail on the Audit and Risk Committee's responsibility to identify and understand risks that will impact the Company's business.



Audit Committee Charter

The text of the Audit and Risk Committee’s charter is attached as Appendix “A” to this Information Circular.

Composition of Audit Committee and Independence

The Audit and Risk Committee is comprised of Geoffrey Lawrence, Catherine Fitzgerald, and Dain Currie.

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment. All the members of the Audit and Risk Committee are considered “independent” within the meaning of NI 52-110.

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. All the members of the Audit Committee are “financially literate” as that term is defined.

Relevant Education and Experience

Refer to the heading “*Election of Directors - Information Regarding Management’s Nominees for Election to the Board*” for information regarding the Audit and Risk Committee members’ education and experience that is relevant to the performance of their responsibilities as an Audit and Risk Committee member.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, the Audit and Risk Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

- a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Pre-Approval Policies and Procedures

The Audit and Risk Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

Audit Fees

The Audit and Risk Committee has reviewed the nature and amount of the non-audited services provided by (“”) to ensure auditor independence. Fees incurred by Smythe in the last two (2) fiscal years are outlined in the following table:

Nature of Services	Fees Billed by the Auditor in Year Ended December 31, 2022	Fees Billed by the Auditor in Year Ended December 31, 2023
Audit Fees ⁽¹⁾	\$38,716	\$72,000
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	Nil	Nil



Nature of Services	Fees Billed by the Auditor in Year Ended December 31, 2022	Fees Billed by the Auditor in Year Ended December 31, 2023
All Other Fees ⁽⁴⁾	Nil	Nil
Total	\$38,716	\$72,000

Notes:

- 1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- 2) "Audit-Related Fees" include fees for services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- 3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.
- 4) "All Other Fees" include fees for all other non-audit services.

Exemption

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

CORPORATE GOVERNANCE DISCLOSURE

General

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires issuers to disclose their corporate governance practices with respect to corporate governance guidelines that they have adopted. National Policy 58-201 *Corporate Governance Guidelines* provides guidance to issuers on corporate governance practices.

The Board understands that good corporate governance improves corporate performance and benefits all shareholders. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

1. Board of Directors

The Board currently consists of four (4) members: Michael Murphy, Catherine Fitzgerald, Dain Currie, and Geoffrey Lawrence.

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

The Board facilitates its independent supervision over management by conducting a quarterly review of the Company's financial statements and management discussion and analysis as well as requiring material transactions to be approved by the Board prior to the transaction taking place.

The independent members of the Board are Dain Currie and Geoffrey Lawrence. Michael Murphy and Catherine Fitzgerald are not considered independent members of the Board because they are executive officers. The Company considers its current Board composition to be sufficient given the current state of the Company's business, but it continues to review the composition of the Board on an annual basis.

Given the size of the Company, the current composition of the Board and the nature of activities to date, the independent members of the Board are not expected to hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. This practice will be reassessed as the Company grows. In order to facilitate open and candid discussion among independent directors, from



time to time as circumstances dictate, the independent directors can request a meeting or a portion thereof to be restricted to independent directors for the purpose of discussing matters independently of management. In addition, independent directors are encouraged to remain in communication with one another between meetings as and when they deem it appropriate.

The Board has appointed Mr. Murphy as Executive Chair of the Board. Mr. Murphy's role as Executive Chair of the Board is to provide leadership to the Company's directors by encouraging a culture of ethical business conduct. Each member of the Board is encouraged to conduct a self-review to determine if they are providing an effective service regarding both the Company and its shareholders. Should it be deemed that a member of the Board is unable to effectively act on behalf of the Board or in the interests of the Company or its shareholders, the director would be encouraged to resign his or her position on the Board.

2. Board Mandate

The Board has adopted a formal written mandate that outlines its responsibility for the stewardship of the Company and for the oversight of its management and affairs. The Board's mandate is to manage the business and affairs of the Company. While day-to-day management of the Company has been delegated by the Board to executive management, the Board fulfills its responsibility for the broader stewardship of the Company's business and affairs through its regular meetings at which members of management provide reports to the Board with respect to the Company's business and operations, make proposals to the Board and receive the Board's decisions for implementation. Any responsibility that has not been delegated to executive management or a Board committee remains with the full Board.

The Board believes that its approach to corporate governance is appropriate and works effectively for the Company and its shareholders and is consistent with the overall business of the Company and its stage of development.

3. Directorships

Dain Currie is currently a director of other issuers that are reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction. Specifically, Mr. Currie is a director of Intertidal Capital Corp. ("**Intertidal**"), and Wittering Capital Corp. ("**Wittering Capital**").

Michael Murphy is currently a director of other issuers that are reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction. Specifically, Mr. Murphy is a director of Global Battery Metals Ltd. ("**Global Battery Metals**").

4. Orientation and Continuing Education

The Board provides ad hoc orientation for new directors, which generally consists of providing education regarding directors' responsibilities, corporate governance issues and committee charters. Continuing education opportunities are available to Board members as requested. On occasions where it is considered advisable, the Board will provide directors with information regarding topics of general interest, such as fiduciary duties and continuous disclosure obligations. The Board also ensures that each director is up to date with current information regarding the business of the Company, the role that the director is expected to fulfill and basic procedures and operations of the Board and its committees. Board members are also given access to management and other employees and advisors, who can answer any questions that may arise. Management also updates the Board concerning the status of the Company and, in respect of material transactions, including the review of the Company's financial statements, provides opportunities for Board review and approval by way of directors' consent resolutions.

5. Ethical Business Conduct

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



Nevertheless, the Company has adopted a formal written code of business conduct and ethics (the “**Code of Ethics**”), which sets out the ethical and behavioural standards expected of the Company’s directors, officers, employees, and contractors. These standards include integrity and objectivity, fair dealing and due care, proper use of the Company’s assets, property and information and compliance with applicable laws, regulations, and rules. The Code of Ethics requires all directors, officers, and employees to promptly report potential or suspected violations of the Code of Ethics orally or in writing and, if preferred, anonymously. Concerns may be raised with the CEO or, if related to accounting or auditing matters, with the Audit and Risk Committee.

The Board satisfies itself regarding compliance with the Code of Ethics by reasonably ensuring that all directors, officers, and employees receive and become familiar with the Code of Ethics and acknowledge their support and understanding of the Code of Ethics. To ensure independent judgement, directors are required by applicable law and the Code of Ethics to promptly disclose any potential conflict of interest that may arise and, where required by applicable law, to abstain from voting with respect to an agreement or transaction in which they have a material interest. In addition, the Code of Ethics prohibits any director or employee from retaliating or taking adverse action against anyone for raising good faith suspected conduct violations or helping to resolve a conduct concern. The Company will provide a copy of the Code of Ethics, free of charge, upon request to the Company (email: info@southpacificmetals.ca).

6. Nomination of Directors

The Compensation and Nomination Committee consists of two (2) independent directors: Dain Currie (Chair) and Geoffrey Lawrence. Part of the Compensation and Nomination Committee’s responsibility is for identifying, assessing, and making recommendations as to candidates qualified for election to the Board and Board committees, and where necessary, develops an orientation and education program for new recruits to the Board. In identifying possible nominees to the Board, the Compensation and Nomination Committee considers the competencies and skills necessary for the Board as a whole, the skills of existing directors and the competencies and skills that each new nominee will bring to the Board, as well as whether or not each nominee will devote sufficient time and resources to the Board. The Compensation and Nominating Committee also considers the size of the Board each year when it considers the number of directors to recommend to the shareholders for election at the shareholders’ meeting of the Company, taking into account the number required to carry out the Board’s duties effectively and to maintain a diversity of views and experience. In the event of a vacancy on the Board, the Compensation and Nomination Committee evaluates potential candidates on the basis of factors such as their past business experience; their industry knowledge; and their ability to contribute to the success of the Company.

7. Compensation

As at the date of this Information Circular, the Compensation and Nomination Committee consists of Dain Currie (Chair) and Geoffrey Lawrence each of whom is independent and neither of whom is an officer or employee of the Company or any of its subsidiaries. The Board believes that the Compensation and Nomination Committee collectively has the knowledge, experience and background required to fulfill its mandate. Also, it is notable that Mr. Currie has experience setting compensation for executives and has knowledge of executive compensation strategies in companies of a similar size to the Company. Part of the Compensation and Nomination Committee’s charter mandates is to recommend to the Board the form and amount of compensation to be paid by the Company to the Company’s directors for service on the Board and on the Board committees and recommend the structure of the Company’s compensation programs, both for management and staff, including base salaries, perquisites and long and short-term incentive compensation, including cash bonuses and Option grants. The Compensation and Nomination Committee is also mandated to review the performance of the CEO and the CFO.

The Compensation and Nomination Committee meets from time to time during the year for the purpose of, among other things, reviewing the overall employee and executive officer compensation program, as well as the adequacy and form of annual compensation for directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director, and recommending the approval of any proposed changes to these compensation programs to the Board. The Compensation and Nomination Committee makes specific recommendations to the Board on base salaries, cash bonuses and Option grants, as applicable. The Compensation and Nomination Committee ensures the total compensation package



facilitates the attraction and retention of a strong executive management team and employees. The Board reviews all recommendations of the Compensation and Nomination Committee relating to compensation matters before final approval. The Compensation and Nomination Committee did not retain a compensation consultant or advisor at any time since the beginning of the Company's most recently completed financial year to assist in determining the compensation for any of its directors, executive officers, and employees.

8. Other Board Committees

The Board has no committees other than the Audit and Risk Committee and Compensation and Nomination Committee. In light of the Company's stage of development and Board composition, it considers this to be reasonable.

9. Assessments

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board and each individual director are assessed regarding their effectiveness and contribution. The assessment considers: (i) in the case of the Board, its mandate and charter; and (ii) in the case of an individual director, the applicable position description(s), if any, as well as the competencies and skills each individual director is expected to possess.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Receive Financial Statements and Auditor's Report

The audited consolidated financial statements and the related management discussion and analysis of the Company for the year ended December 31, 2023, and the report of the auditor on those statements will be placed before the Meeting. The financial statements and the related management discussion and analysis for the fiscal year ended December 31, 2023, are available for download without charge from SEDAR+ at www.sedarplus.ca.

2. Election of Directors

The Board presently consists of four (4) directors. At the Meeting, it is intended that four (4) directors be elected for the ensuing year. The term of office of each of the four (4) current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the Act, each director elected will hold office until the conclusion of the next shareholders' meeting of the Company, or until their successor is elected or appointed.

The following table sets out the names of management's four (4) nominees for election as director, their jurisdiction of residence, the offices they hold within the Company, their principal occupations, the period of time during which each has been a director of the Company, the number of Common Shares of the Company and its subsidiaries beneficially owned by each, or over which each nominee exercises control or direction, directly or indirectly, and the nominees' membership on committees of the Board as at the date of this Information Circular. The Board does not have an executive committee. There are presently two (2) committees of the Board; namely, the Audit and Risk Committee and the Compensation and Nomination Committee.

In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the management of the Company will be voted for the nominees listed in this Information Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

Name, Position with the Company, and Residence ⁽¹⁾	Principal Occupation for the Past Five Years ⁽¹⁾	Director of the Company since	Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly ⁽²⁾	Committee Membership
Michael Murphy <i>CEO, Executive Chair, and Director</i> Vancouver, BC	Mr. Murphy is the founder of TSX-listed gold producer Torex Gold Resources Inc. ("Torex"), prior to which he spent more than 15 years in the financial services sector in London, UK, with Merrill Lynch, DLJ, and Credit Suisse. Currently, Mr. Murphy is the President, Chief Executive Officer, and a director of TSX-V listed Global Battery Metals.	March 22, 2024	875,000	
Catherine Fitzgerald <i>President, Chief Geologist, and Director</i> Coquitlam, BC	Ms. Fitzgerald most recently served as Vice President, Exploration and Resource Development for Apollo Silver Corp., prior to which she was Director Resource Evaluation, Ivanhoe Electric (formerly High Power Exploration).	April 24, 2024	62,500	Audit and Risk Committee
Dain Currie <i>Director</i> Grand Cayman, Cayman Islands	Mr. Currie has been self-employed as president and director of Oceanside Strategies Inc., an investment holding company since 2013, and a partner and director of Oceanside Group, a firm providing corporate finance consulting services to private and public companies, since 2019. Mr. Currie currently serves as a director of Intertidal and Wittering Capital.	September 18, 2023	1,099,353	Audit and Risk Committee ⁽³⁾ Compensation and Nomination Committee ⁽⁴⁾
Geoffrey Lawrence <i>Director</i> Singapore, Singapore	Mr. Lawrence is the current CEO of PEC in Papua New Guinea. Mr. Lawrence brings a wealth of knowledge to operating in Papua New Guinea, the Pacific Islands, and Southeast Asia, having amassed an extensive list of key government and corporate contacts within those areas.	December 3, 2020	3,972,901	Audit and Risk Committee Compensation and Nomination Committee

Notes:

- 1) Information as to position with the Company, residence and principal occupation has been furnished by the respective director individually. See also "Information Regarding Management's Nominees for Election to the Board" below.
- 2) Information as to Common Shares beneficially owned or controlled has been furnished by the respective director individually. The directors do not hold shares in any subsidiary of the Company.
- 3) Chair of the Audit and Risk Committee.
- 4) Chair of the Compensation and Nomination Committee.



Biographical summaries and other required information about each of the nominees for election as directors are set out below in the section entitled “*Information Regarding Management’s Nominees for Election to the Board.*”

Corporate Cease Trade Orders or Bankruptcies

To the best of management’s knowledge, no proposed director of the Company is, as at the date of this Information Circular, or has been, within the last ten (10) years, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days that was issued while the proposed director was acting in that capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days 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 which occurred while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer.

Except as provided herein, to the best of management’s knowledge, no proposed director is, as at the date of this Information Circular, or has been within the last ten (10) years, a director or executive officer of any company (including the Company) that, while the proposed director 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.

To the best of management’s knowledge, no proposed director of the Company has, within the last ten (10) years, 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.

To the best of management’s knowledge, no proposed director of the Company has been subject to: (a) 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 (b) 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.

Information Regarding Management’s Nominees for Election to the Board

The following biographical information about management’s nominees for election to the Board has been supplied by the respective nominees:

Dain Currie

Dain Currie is a seasoned capital markets professional with over 18 years’ experience working with both private and public companies, primarily in the mining, oil and gas, agriculture, and technology sectors. His expertise spans M&A, debt and equity fund raising, business strategy, corporate governance, and investor relations. He has been self-employed as president and director of Oceanside Strategies Inc., an investment holding company since 2013, and a partner and director of Oceanside Group, a firm providing corporate finance consulting services to private and public companies since 2019. Mr. Currie is also a director of Intertidal and Wittering Capital, both are capital pool companies listed on the TSX-V. Prior to this, Mr. Currie was an investment advisor with Vancouver-based brokerage firms including Haywood Securities Inc. Mr. Currie has obtained his Professional Financial Planner designation with the Canadian Securities Institute.



Geoffrey Lawrence

Geoffrey Lawrence has significant executive experience in the managed services and energy sector, most recently over the last 7 years as the CEO of PEC in Papua New Guinea. Under the guidance of Mr. Lawrence, PEC has emerged as the lead mid-market EPC contractor in Papua New Guinea, delivering significant projects of national interest, including a newly constructed 45 MW gas fired power station located in Port Moresby. Mr. Lawrence brings a wealth of knowledge to operating in Papua New Guinea, the Pacific Islands, and Southeast Asia, having amassed an extensive list of key government and corporate contacts within those areas.

Michael Murphy

Mr. Murphy brings extensive experience in the resource sector to the Board. He is the founder of TSX listed Torex, a gold producer company with a market cap in excess of one billion dollars. Mr. Murphy recently concluded a successful 12-years on the board of Torex, during which he played a pivotal role in raising over one billion dollars of debt and equity. Prior to Torex, Mr. Murphy spent 15 years in London, United Kingdom, in the financial services sector, with Merrill Lynch, DLJ, and Credit Suisse. Currently, Mr. Murphy is the President, Chief Executive Officer, and a director of TSX-V listed Global Battery Metals Ltd., which is a junior mining company focused on metals essential to the battery supply chain. Under Mr. Murphy's leadership, Global Battery Metals has strategically expanded its portfolio of battery metals exploration projects, including lithium, nickel, and copper. Mr. Murphy holds a BA from the University of British Columbia, an MBA from Saint Mary's University, a MSc from the London School of Economics, and an ICD (Institute of Corporate Directors) from the Rotman School of Business.

Catherine Fitzgerald

Ms. Fitzgerald is an executive and professional geoscientist with more than 20 years of experience in technical and leadership roles that drive the strategy, execution and advancement of exploration and development projects. Her experience ranges across broad regions and commodities (copper, gold, silver, lithium and diamonds). Ms. Fitzgerald most recently served as Vice President, Exploration and Resource Development for Apollo Silver Corp., prior to which she was Director Resource Evaluation, Ivanhoe Electric (formerly High Power Exploration). Ms. Fitzgerald holds a M.Sc. in Geology from the University of Victoria, is a registered Professional Geoscientist in British Columbia and a Fellow of the Society of Economic Geologists.

The Board does not contemplate that any of its nominees will be unable to serve as a director, but if for any reason that should occur, the persons named in the Proxy shall have the right to use their discretion to vote for a properly qualified substitute.

It is expected that the nominees set forth in this Information Circular will, upon their re-election, continue to serve as directors of the Company until the conclusion of the next shareholders' meeting of the Company.

3. Appoint Auditors and Authorize Directors to Fix Remuneration

The management of the Company intends to nominate Smythe LLP ("**Smythe**") for appointment as auditor of the Company. Proxies given pursuant to the solicitation by the management of the Company will, on any poll, be voted as directed and, if there is no direction, voted for the appointment of Smythe as auditor of the Company to hold office until the close of the next shareholders' meeting of the Company, at a remuneration to be fixed by the directors.

4. Compensation Incentive Plan

Summary

At this year's Meeting, the shareholders will be asked to approve the adoption of the Compensation Plan for directors, officers, employees, and consultants. The Compensation Plan allows for the Company to implement



a stock option plan and restricted share unit plan, and/or any other security based compensation plan that is acceptable to the TSX-V. If implemented by the Company, the Compensation Plan will replace the existing Option Plan.

The Compensation Plan is a ten (10%) percent rolling plan, and the text of the Compensation Plan is attached to this Information Circular as Appendix "B". Accordingly, shareholders will be asked to pass an ordinary resolution approving the Compensation Plan to accommodate the TSX-V's policies governing security based compensation plans. The following is a summary of certain provisions of the Compensation Plan and is subject to, and qualified in its entirety by, the full text of the Compensation Plan:

- (a) the maximum aggregate number of Common Shares that are issuable pursuant to all security based compensation granted or issued to insiders (as a group) must not exceed 10% of the Issued Shares of the issuer at any point in time;
- (b) the maximum aggregate number of Common Shares issuable pursuant to all security based compensation granted or issued in any 12 month period to insiders (as a group) must not exceed 10% of the Issued Shares, calculated as at the date any security based compensation is granted or issued to any Insider;
- (c) the maximum aggregate number of Common Shares issuable pursuant to all security based compensation granted or issued in any 12 month period to any one person must not exceed 5% of the Issued Shares of the issuer, calculated as at the date any security based compensation is granted or issued to the Person;
- (d) the maximum aggregate number of Common Shares that are issuable pursuant to all security based compensation granted or issued in any 12 month period to any one consultant must not exceed 2% of the Issued Shares of the Issuer, calculated as at the date any security based compensation is granted or issued to the consultant;
- (e) investor relations service providers may not receive any security based compensation, other than stock options;
- (f) upon expiry of a stock option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the option plan, and all options granted under the option plan may not have an expiry date exceeding 10 years from the date on which the Board grants and announces the granting of the stock option;
- (g) if a provision is included that the participant's heirs or administrators are entitled to any portion of the outstanding security based compensation, the period in which they can make such claim must not exceed one year from the participant's death;
- (h) any security based compensation granted or issued to any participant who is a director, officer, employee, consultant or management company employee must expire within a reasonable period, not exceeding 12 months, following the date the participant ceases to be an eligible participant under the Compensation Plan.
- (i) the maximum number of Common Shares issuable to any one participant under awards in a 12-month period shall not exceed 5% of the outstanding issue (unless requisite disinterested shareholder approval has been obtained to exceed); (ii) the maximum number of Common Shares issuable to any one consultant in a 12-month period shall not exceed 2% of the outstanding issue; and (iii) investor relations services providers (within the meaning of the policies of the TSX-V) may only be granted options under an award and the maximum number of Common Shares issuable to all investor relations services providers under any options awarded shall not exceed 2% of the outstanding issue in any 12-month period, in each case measured as of the date of grant of an award;

- (j) While the Common Shares are listed for trading on the TSX-V:
 - a. no award (other than options), may vest before the date that is one year following the date the award is granted or issued, provided that this requirement may be accelerated for a person who dies or who ceases to be a participant under the provisions hereof in connection with a change of control, take-over bid, reverse take-over or other similar transaction; and
 - b. any options granted to any investor relations service provider cannot be accelerated without the prior written approval of the TSX-V, and must vest in stages over a period of not less than 12 months with no more than one quarter of the options vesting in any 3 month period , in accordance with the vesting restrictions set out in Section 4.4(c) of Policy 4.4 of the TSX-V.
- (k) For the avoidance of doubt, no dividend equivalents shall be granted in connection with an option.
- (l) The option price for Common Shares that are the subject of any option shall be determined and approved by the Board when such option is granted but shall not be less than the market value of such Common Shares at the time of the grant.
- (m) Should the expiration date for an option fall within a black-out period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth (10th) business day after the end of the black-out period, such tenth (10th) business day to be considered the expiration date for such option for all purposes under the Compensation Plan.
- (n) Cashless Exercise Right
 - a. Subject to the rules and policies of the stock exchange, except in the case of investor relations services providers (within the meaning of the policies of the TSX-V), the Board may, in its discretion and at any time, determine to grant a participant the alternative, when entitled to exercise an option, to deal with such option on a “cashless exercise” basis, on such terms as the Board may determine in its discretion (the “**Cashless Exercise Right**”). Without limitation, the Board may determine in its discretion that such Cashless Exercise Right, if any, grants a participant the right to terminate such option in whole or in part by notice in writing to the Company and in lieu of receiving Common Shares pursuant to the exercise of the option, receive, without payment of any cash other than pursuant to Section 7.2, that number of Common Shares, disregarding fractions, which when multiplied by the VWAP (within the meaning of the policies of the TSX-V) on the day immediately prior to the exercise of the Cashless Exercise Right, have a total value equal to the quotient obtained by dividing: (A) the product of the number of options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject options by the VWAP of the underlying Common Shares.
 - b. In the event of the Cashless Exercise Right, the number of options exercised, surrendered or converted, and not the number of Common Shares actually issued by the Company, must be included in calculating the limits set forth in the TSXV Share Limits and section 2.5 of the Compensation Plan.
 - c. In the event the Company determines to accept the participant’s request pursuant to a Cashless Exercise Right, the Company shall make an election pursuant to subsection 110(1.1) of the Tax Act.
- (o) Dividend equivalents may, as determined by the Board in its sole discretion, be awarded in respect of unvested RSUs in a participant’s account on the same basis as cash dividends declared and paid on Common Shares as if the Participant was a shareholder of record of Common Shares on the relevant record date, provided that any such dividend equivalents must be payable in cash to the extent the issuance of Common Shares would exceed the TSXV Share Limits or any other limitations prescribed by this Plan. In the event that the participant’s applicable RSUs do not vest, all Dividend



Equivalents, if any, associated with such RSUs will be forfeited by the participant and returned to the Company's account.

- (p) Each award granted under the Compensation Plan is personal to the participant and shall not be assignable or transferable by the participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased participant. No award granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

The implementation of the Compensation Plan remains subject to the ratification by the shareholders of the Company and approval of the TSX-V.

The Compensation Plan Resolution

At the Meeting, Shareholders will be asked to pass the following ordinary resolution to approve the Compensation Plan (the "**Compensation Plan Resolution**"), substantially in the following form:

"BE IT RESOLVED THAT as an ordinary resolution of the Company that:

1. the Compensation Plan, in substantially the form as attached as Appendix "B" to the management information circular of the Company dated November 6, 2024, be and is hereby ratified, confirmed and approved with such additional provisions and amendments, provided that such are not inconsistent with the policies of the TSX-V, as the directors of the Company may deem necessary or advisable;
2. all issued and outstanding stock options of the Company previously granted shall be continued under and governed by the Compensation Plan; and
3. the directors of the Company be authorized to perform all such other acts and things as may be necessary or desirable to effect the adoption of the Compensation Plan; and that the directors of the Company be authorized to implement or abandon these resolutions in whole or in part, at any time and from time to time in their sole discretion, all without further approval, ratification or confirmation by shareholders."

An ordinary resolution is a resolution passed by a simple majority of the votes cast in person or by proxy. Unless otherwise indicated, the persons designated as proxyholders in the accompanying Proxy intend to vote the Common Shares represented by each properly executed Proxy **FOR** the Omnibus Incentive Plan Approval Resolution.

The Omnibus Incentive Plan will continue to benefit the shareholders of the Company by aligning the interests of the Company's officers, employees, consultants, and other eligible service providers with those of the shareholders of the Company and providing a long-term incentive to reward the Company's officers, employees, consultants and other eligible service providers for their contribution to the generation of shareholder value.

The Board recommends that shareholders vote FOR the Compensation Plan Resolution. Unless otherwise instructed, Common Shares represented by proxies in favor of management will be voted FOR the Compensation Plan Resolution.

OTHER MATTERS

The Board is not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Information Circular. If any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Proxy, subject to instructions on the face of the Proxy to the contrary.



ADDITIONAL INFORMATION

Financial information is provided in the Company's comparative annual financial statements and management discussion and analysis for its most recently completed financial year. Additional information relating to the Company is also available on SEDAR+ at www.sedarplus.ca and may be downloaded free of charge.

The Company will provide to any shareholder, free of charge, upon request to the Company, (email: info@southpacificmetals.ca), a copy of any year end and interim financial statements of the Company and management's discussion and analysis filed with the applicable securities regulatory authorities during the past three years.

BOARD APPROVAL

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

DATED at Vancouver, British Columbia on November 6, 2024.

"Michael Murphy"

Michael Murphy
Chief Executive Officer



APPENDIX "A"

AUDIT AND RISK COMMITTEE CHARTER

Purpose of the Committee

1.1 The Audit and Risk Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries. The Audit and Risk Committee also has the responsibility to identify and understand the principal risks to the Company and its business and to report such risks to the Board to ensure there are systems in place to effectively monitor and manage those risks with a view to the long-term viability of the Company and in order to achieve its long-term strategic objectives.

2.0 Members of the Committee

2.1 The Audit and Risk Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under National Instrument 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 Each Member of the Audit and Risk Committee must be "financially literate" as defined under Multilateral Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the 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.

3.0 Meeting Requirements

3.1 The Committee will, where possible, meet on a regular basis, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

4.0 Duties and Responsibilities

4.1 The Audit and Risk Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit and Risk Committee;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;



- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions ("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;
- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Company;
- (p) periodically review the Company's risk governance framework and the guidelines, policies, and processes for monitoring and mitigating risks, which are available, including management's views on acceptable and appropriate levels of exposures, as well as regularly discuss major risk exposures and the steps management has taken to monitor and control such exposures, and review and discuss with management, the risks associated with cross border operations in line with international corruption/fraud legislation, and report to the Board any significant matters; and
- (q) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

5.0 Miscellaneous

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and



the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.



APPENDIX "B"

OMNIBUS COMPENSATION PLAN

South Pacific Metals Corp. (the "**Company**") hereby establishes an omnibus incentive plan for certain qualified Directors, Executive Officers, Employees or Consultants of the Company or any of its Subsidiaries.

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions.

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

"Account" means an account maintained for each Participant on the books of the Company which will be credited with Awards in accordance with the terms of this Plan;

"Affiliate" has the meaning ascribed thereto in Policy 1.1 of the TSX Venture Exchange;

"Annual Base Compensation" means an annual compensation amount payable to Directors and Executive Officers, as established from time to time by the Board.

"Award" means any of an Option or RSU granted to a Participant pursuant to the terms of the Plan;

"Black-Out Period" means an interval of time (i) when any trading guidelines of the Company, as amended from time to time, restrict Participants from trading in any securities of the Company because they may be in possession of confidential information; or (ii) when the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of confidential information;

"Board" has the meaning ascribed thereto in Section 2.2(1) hereof;

"Business Day" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Vancouver, British Columbia for the transaction of banking business;

"Cash Equivalent" means the amount of money equal to the Market Value multiplied by the number of vested RSUs as applicable, in the Participant's Account, net of any applicable taxes in accordance with Section 7.2, on the RSU Settlement Date, as applicable;

"Cashless Exercise Right" has the meaning ascribed thereto in Section 3.6(3) hereof; **"Cause"** has the meaning ascribed thereto in Section 5.2(1) hereof;

"Change of Control" means, unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (i) any transaction pursuant to which any Person or group of Persons acting jointly or in concert acquires for the first time the direct or indirect beneficial ownership of securities of the Company representing 50% or more of the aggregate voting power of all of the Company's then issued and outstanding securities entitled to vote in the election of Directors of the Company, other than any such acquisition that occurs upon the exercise or settlement of options or other securities granted by the Company under any of the Company's equity incentive plans;

- (ii) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction; or (B) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such transaction;
- (iii) the sale, lease, exchange, license or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Company and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned Subsidiary of the Company in the course of a reorganization of the assets of the Company and its wholly-owned Subsidiaries;
- (iv) the passing of a resolution by the Board or shareholders of the Company to substantially liquidate the assets of the Company or wind up the Company's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Company in circumstances where the business of the Company is continued and the shareholdings remain substantially the same following the re- arrangement);
- (v) individuals who, on the Effective Date, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board; or
- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

"Company" means South Pacific Metals Corp., a corporation existing under the *Business Corporations Act* (British Columbia), as amended from time to time;

"Consultant" means, in relation to an Issuer, an individual (other than a Director, Executive Officer or Employee of the Issuer or of any of its subsidiaries) of the Company that:

- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to an Affiliate of any of the Issuer's subsidiaries;
- (ii) provides the services under a written contract between the Issuer or the Affiliate of any of its subsidiaries and the individual or the Company, as the case may be;
- (iii) in the reasonable opinion of the Issuer, spends or will spend a significant amount of time and attention on the affairs and business of the Issuer or an Affiliate of the Issuer; and
- (iv) has a relationship with the Issuer or an Affiliate of the Issuer that enables the individual to be knowledgeable about the business and affairs of the Issuer or any of its subsidiaries;

"Consulting Agreement" means, with respect to any Participant, any written consulting agreement



between the Company or a Subsidiary and such Participant;

“Director” means a director of the Company as may be elected from time to time;

“Dividend Equivalent” means a cash credit equivalent in value to a dividend paid on a Share credited to a Participant’s Account;

“Eligibility Date” the effective date on which a Participant becomes eligible to receive long-term disability benefits if such benefits are then existing and established by the Company (provided that, for greater certainty, such effective date shall be confirmed in writing to the Company by the insurance company providing such long-term disability benefits, if applicable);

“Employee” means:

- (i) Person who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
- (ii) Person who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
- (iii) Person who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;

“Employment Agreement” means, with respect to any Participant, any written employment agreement between the Company or a Subsidiary and such Participant;

“Executive Officer” means a duly appointed senior officer of the Company;

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

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

“Incentive Stock Option” or **“ISO”** means an Option that is granted to a U.S. Participant, as described in Section 3.8;

“Insider” has the meaning set out in the applicable rules and policies of the Stock Exchange;

“Market Value” means at any date when the market value of Shares is to be determined,

- (i) if the Shares are listed on a Stock Exchange, the volume weighted average trading price of the Shares on such Stock Exchange for the five trading days immediately preceding the relevant time as it relates to an Award, provided that if the Shares are listed on the TSX Venture Exchange, at no time shall the market value of the Shares be less than the Discounted Market Price (within the meaning of the policies of the TSX Venture Exchange); or (ii) if the Shares are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith and such determination shall be conclusive and binding on all Persons;

“Option” means an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, but subject to the provisions hereof, and includes an ISO;



“Option Agreement” means a document evidencing the grant of Options and the terms and conditions thereof;

“Option Price” has the meaning ascribed thereto in Section 3.2 hereof; **“Option Term”** has the meaning ascribed thereto in Section 3.4 hereof;

“Outstanding Issue” means the number of Shares that are issued and outstanding, on a non-diluted basis;

“Participants” means any Director, Executive Officer, Employee or Consultant of the Company or any of its Subsidiaries, but for the purposes of Article 5, this definition shall be limited to Directors and Executive Officers of the Company or any of its Subsidiaries;

“Performance Criteria” means specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Award;

“Performance Period” means the period determined by the Board at the time any Award is granted or at any time thereafter during which any Performance Criteria and any other vesting conditions specified by the Board with respect to such Award are to be measured;

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

“Plan” means this Omnibus Incentive Plan, including any amendments or supplements hereto made after the effective date hereof;

“Restriction Period” means the period determined by the Board pursuant to Section 4.3 hereof;

“RSU” means a restricted share unit that is a right awarded to a Participant to receive a payment in the form of Shares, Cash Equivalent or a combination thereof as provided in Article 4 hereof and subject to the terms and conditions of this Plan;

“RSU Agreement” means a document evidencing the grant of RSUs and the terms and conditions thereof;

“RSU Settlement Date” has the meaning determined in Section 4.5(1);

“RSU Vesting Determination Date” has the meaning described thereto in Section 4.4 hereof;

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

“Share Compensation Arrangement” means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more full-time Employees, Directors, Executive Officers, Insiders, or Consultants of the Company or a Subsidiary provided, however, that any such arrangements that do not involve the issuance from treasury or potential issuance from treasury of Shares of the Company are not “Share Compensation Arrangements” for the purposes of this Plan, as such Share Compensation Arrangements require the Company to obtain specific disinterested shareholder approval in accordance with Policy 4.4 of the TSX Venture Exchange;

“Stock Exchange” means the stock exchange on which the majority of the trading volume and value of the Shares occurs, at the applicable time;

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

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



“Termination” means that a Person has ceased to be a Participant, including for greater certainty, the earliest date on which both of the following conditions are met: (i) the Participant has ceased to be employed by, or otherwise have a service relationship with, the Company or any Subsidiary thereof for any reason whatsoever; and (ii) the Participant is not a member of the Board nor a Director of the Company or any of its Subsidiaries;

“Termination Date” means (i) in the event of a Participant’s resignation, the date on which such Participant ceases to be a Director, Executive Officer, Employee or Consultant of the Company or one of its Subsidiaries and (ii) in the event of the termination of the Participant’s employment, or position as Director or Executive Officer of the Company or a Subsidiary, or Consultant, the effective date of the termination as specified in the notice of termination provided to the Participant by the Company or the Subsidiary, as the case may be, and, for greater certainty, without regard to any period of notice, pay in lieu of notice, or severance that may follow the Termination Date pursuant to the terms of the Participant’s employment or services agreement (if any), the applicable employment standards legislation or the common law (if applicable), and regardless of whether the Termination was lawful or unlawful, except as may otherwise be required to meet minimum standards prescribed by the applicable standards legislation;

“Termination of Service” means that a Person has ceased to be a Participant, including for greater certainty, the earliest date on which both of the following conditions are met: (i) the Participant has ceased to be employed by the Company or has ceased providing ongoing services as a Consultant to the Company or any Subsidiary thereof for any reason whatsoever; and (ii) the Participant is not a member of the Board nor a Director of the Company or any of its Subsidiaries;

“Trading Session” means a trading session on a day which the applicable Stock Exchange is open for trading;

“TSXV Share Limits” means: (i) the maximum number of Shares issuable to any one Participant under Awards in a 12-month period shall not exceed 5% of the Outstanding Issue (unless requisite disinterested shareholder approval has been obtained to exceed); (ii) the maximum number of Shares issuable to any one Consultant in a 12-month period shall not exceed 2% of the Outstanding Issue; and (iii) Investor Relations Services Providers (within the meaning of the policies of the TSX Venture Exchange) may only be granted Options under an Award and the maximum number of Shares issuable to all Investor Relations Services Providers under any Options awarded shall not exceed 2% of the Outstanding Issue in any 12-month period, in each case measured as of the date of grant of an Award;

“United States” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

“U.S. Participant” means any Participant who, at any time during the period from the date an Award is granted to the date such award is exercised, redeemed, or otherwise paid to the Participant, is subject to income taxation in the United States on the income received for services provided to the Company or a Subsidiary and who is not otherwise exempt from United States income taxation under the relevant provisions of the U.S. Tax Code or the Canada-U.S. Income Tax Convention, as amended;

“U.S. Securities Act” means the United States Securities Act of 1933, as amended; and

“U.S. Tax Code” means the United States Internal Revenue Code of 1986, as amended; and “Vested Awards” has the meaning described thereto in Section 5.2(5) hereof.

Section 1.2 Interpretation.

- (1) Whenever the Board is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term “discretion” or “authority” means the sole and absolute discretion of the Board.
- (2) The provision of a table of contents, the division of this Plan into Articles, Sections and other

subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Plan.

- (3) In this Plan, words importing the singular shall include the plural, and vice versa and words importing any gender include any other gender.
- (4) The words “including”, “includes” and “include” and any derivatives of such words mean “including (or includes or include) without limitation”. As used herein, the expressions “Article”, “Section” and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Plan, respectively.
- (5) Unless otherwise specified in the Participant’s Grant Agreement, all references to money amounts are to Canadian currency.
- (6) For purposes of this Plan, the legal representatives of a Participant shall only include the administrator, the executor or the liquidator of the Participant’s estate or will.
- (7) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Plan, then the first day of the period is not counted, but the day of its expiry is counted.

ARTICLE 2

PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS

Section 2.1 Purpose of the Plan.

The purpose of the Plan is to permit the Company to grant Awards to Participants, subject to certain conditions as hereinafter set forth, for the following purposes:

- (a) to increase the interest in the Company’s welfare of those Participants, who share responsibility for the management, growth and protection of the business of the Company or a Subsidiary;
- (b) to provide an incentive to such Participants to continue their services for the Company or a Subsidiary and to encourage such Participants whose skills, performance and loyalty to the objectives and interests of the Company or a Subsidiary are necessary or essential to its success, image, reputation or activities;
- (c) to reward Participants for their performance of services while working for the Company or a Subsidiary; and
- (d) to provide a means through which the Company or a Subsidiary may attract and retain able Persons to enter its employment or service.

Section 2.2 Implementation and Administration of the Plan.

- (1) The Plan shall be administered and interpreted by the board of directors of the Company (the “**Board**”) or, if the Board by resolution so decides, by a committee or plan administrator appointed by the Board. If such committee or plan administrator is appointed for this purpose, all references to the “Board” herein will be deemed references to such committee or plan administrator. Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or other compensation arrangements, subject to any required approval.
- (2) Subject to Article 6 and any applicable rules of a Stock Exchange, the Board may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations or vary the terms of this Plan and/or any Award hereunder for carrying out the provisions and purposes of the Plan and/or to address tax or other requirements of any applicable jurisdiction.



- (3) Subject to the provisions of this Plan, the Board is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration and operations of the Plan as it may deem necessary or advisable. The Board may delegate to Executive Officers or managers of the Company, or committees thereof, the authority, subject to such terms as the Board shall determine, to perform such functions, in whole or in part. Any such delegation by the Board may be revoked at any time at the Board's sole discretion. The interpretation, administration, construction and application of the Plan and any provisions hereof made by the Board, or by any Executive Officer, manager, committee or any other Person to which the Board delegated authority to perform such functions, shall be final and binding on the Company, its Subsidiaries and all Participants.
- (4) No member of the Board or any Person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder. Members of the Board or any person acting at the direction or on behalf of the Board, shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.
- (5) The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issuance of any Shares or any other securities in the capital of the Company. For greater clarity, the Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, repurchasing Shares or varying or amending its share capital or corporate structure.

Section 2.3 Participation in this Plan.

- (1) The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the grant of an Award, the exercise of an Option or transactions in the Shares or otherwise in respect of participation under the Plan. Neither the Company, nor any of its Directors, Executive Officers, Employees, shareholders or agents shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder, or in any other manner related to the Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional Awards will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company and its Subsidiaries do not assume and shall not have responsibility for the income or other tax consequences resulting to any Participant and each Participant is advised to consult with his or her own tax advisors.
- (2) Participants (and their legal representatives) shall have no legal or equitable right, claim, or interest in any specific property or asset of the Company or any of its Subsidiaries. No asset of the Company or any of its Subsidiaries shall be held in any way as collateral security for the fulfillment of the obligations of the Company or any of its Subsidiaries under this Plan. Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.
- (3) The Company shall not offer financial assistance to any Participant in regard to the exercise of any Award granted under this Plan.
- (4) The Board may also require that any Participant in the Plan provide certain representations, warranties and certifications to the Company to satisfy the requirements of applicable laws, including, without limitation, exemptions from the registration requirements of the U.S.



Securities Act, and applicable U.S. state securities laws.

- (5) In connection with an Award to be granted to any Participant, it shall be the responsibility of such person and the Company to confirm that such person is a bona fide Participant for the purposes of participation under the Plan.

Section 2.4 Shares Subject to the Plan.

- (1) Subject to adjustment pursuant to Article 6 hereof, the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares.
- (2) The maximum number of Shares issuable at any time pursuant to outstanding Awards under this Plan shall be equal to ten percent (10%) of the Outstanding Issue, as measured at the date of any grant.
- (3) No Award that can be settled in Shares issued from treasury may be granted if such grant would have the effect of causing the total number of Shares subject to such Award to exceed the above-noted total numbers of Shares reserved for issuance pursuant to the settlement of Awards.
- (4) The Plan is an “evergreen” plan, as Shares of the Company covered by Awards which have been exercised or settled, as applicable, and Awards which expire or are forfeited, surrendered, cancelled or otherwise terminated or lapse for any reason without having been exercised, will be available for subsequent grant under the Plan and the number of Awards that may be granted under the Omnibus Plan increases if the total number of issued and outstanding Shares of the Company increases. Shares will not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash.

Section 2.5 Limits with Respect to other Share Compensation Arrangements, Insiders, Individual Limits, and Annual Grant Limits.

- (1) The maximum number of Shares issuable pursuant to this Plan and any other Share Compensation Arrangement shall not exceed the limits set out in Section 2.4(2).
- (2) Unless disinterested shareholder approval has been obtained, the maximum number of Shares issuable to Participants who are Insiders, at any time, under this Plan and any other Share Compensation Arrangement, shall not exceed ten percent (10%) of the Outstanding Issue from time to time.
- (3) Unless disinterested shareholder approval has been obtained, the maximum number of Shares issued to Participants who are Insiders, within any one-year period, under this Plan and any other Share Compensation Arrangement, shall not exceed ten percent (10%) of the Outstanding Issue from time to time.
- (4) Subject to the policies of the applicable Stock Exchange, any Award granted pursuant to the Plan, or securities issued under any other Share Compensation Arrangement, prior to a Participant becoming an Insider, shall be included for the purposes of the limits set out in Section 2.5(2) and Section 2.5(3).
- (5) The TSXV Share Limits shall apply to the Shares issued or issuable under any Award granted under the Plan and any other Share Compensation Arrangement, subject to the Shares being listed for trading on the TSX Venture Exchange.

Section 2.6 Granting of Awards.

Any Award granted under the Plan shall be subject to the requirement that, if at any time the Company shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any stock exchange or under any law or regulation of any jurisdiction, or the consent or approval of

any stock exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant of such Awards or exercise of any Option or the issuance or purchase of Shares thereunder, if applicable, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.

Section 2.7 TSX Venture Exchange Vesting Restrictions

While the Shares are listed for trading on the TSX Venture Exchange:

- (a) no Award (other than Options), may vest before the date that is one year following the date the Award is granted or issued, provided that this requirement may be accelerated for a Person who dies or who ceases to be a Participant under the provisions hereof in connection with a Change of Control, take-over bid, reverse take-over or other similar transaction; and
- (b) any Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months with no more than 1/4 of the Options vesting in any 3 month period, must be in accordance with the vesting restrictions set out in Section 4.4(c) of Policy 4.4 of the TSX Venture Exchange, and there can be no acceleration of the vesting requirements applicable to any Options granted to any Investor Relations Service Provider without the prior written approval of the TSX Venture Exchange.

ARTICLE 3 OPTIONS

Section 3.1 Nature of Options

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

Section 3.2 Option Awards.

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

Section 3.3 Option Price.

The Option Price for Shares that are the subject of any Option shall be determined and approved by the Board when such Option is granted but shall not be less than the Market Value of such Shares at the time of the grant.

Section 3.4 Option Term.

- (1) The Board shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, which shall not be more than ten years from the date the Option is granted (“**Option Term**”).
- (2) Should the expiration date for an Option fall within a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth



(10th) Business Day after the end of the Black-Out Period, such tenth (10th) Business Day to be considered the expiration date for such Option for all purposes under the Plan.

Section 3.5 Exercise of Options.

Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, any exercise of Options by a Participant shall be made in accordance with any insider trading policies implemented by the Company.

Section 3.6 Method of Exercise and Payment of Purchase Price.

- (1) Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in Section 3.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Company at its registered office to the attention of the Corporate Secretary of the Company (or the individual that the Corporate Secretary of the Company may from time to time designate) or give notice in such other manner as the Company may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by full payment, by cash, certified cheque, bank draft or any other form of payment deemed acceptable by the Board of the purchase price for the number of Shares specified therein and, if required by Section 7.2, the amount necessary to satisfy any taxes.
- (2) Upon the exercise, the Company shall, as soon as practicable after such exercise but no later than ten Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares either to:
 - (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
 - (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.
- (3) Subject to the rules and policies of the Stock Exchange, except in the case of Investor Relations Services Providers (within the meaning of the policies of the TSX Venture Exchange), the Board may, in its discretion and at any time, determine to grant a Participant the alternative, when entitled to exercise an Option, to deal with such Option on a "cashless exercise" basis, on such terms as the Board may determine in its discretion (the "**Cashless Exercise Right**"). Without limitation, the Board may determine in its discretion that such Cashless Exercise Right, if any, grants a Participant the right to terminate such Option in whole or in part by notice in writing to the Company and in lieu of receiving Shares pursuant to the exercise of the Option, receive, without payment of any cash other than pursuant to Section 7.2, that number of Shares, disregarding fractions, which when multiplied by the VWAP (within the meaning of the policies of the TSX Venture Exchange) on the day immediately prior to the exercise of the Cashless Exercise Right, have a total value equal to the quotient obtained by dividing: (A) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Shares and the exercise price of the subject Options by the VWAP of

the underlying Shares

- (4) In the event of the Cashless Exercise Right, the number of Options exercised, surrendered or converted, and not the number of Shares actually issued by the Company, must be included in calculating the limits set forth in the TSXV Share Limits and Section 2.5.
- (5) In the event the Company determines to accept the Participant's request pursuant to a Cashless Exercise Right, the Company shall make an election pursuant to subsection 110(1.1) of the Tax Act.

Section 3.7 Option Agreements.

Options shall be evidenced by an Option Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine. The Option Agreement may contain any such terms that the Company considers necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

Section 3.8 Incentive Stock Options.

- (1) ISOs are available only for Participants who are Employees of the Company, or a "parent corporation" or "subsidiary corporation" (as such terms are defined in Section 424(e) and (f) of the U.S. Tax Code), on the date the Option is granted. In addition, a Participant who holds an ISO must continue as an Employee, except that upon termination of employment the Option will continue to be treated as an ISO for up to three months, after which the Option will no longer qualify as an ISO, except as provided in this Section 3.8(1). A Participant's employment will be deemed to continue during period of sick leave, military leave or other bona fide leave of absence, provided the leave of absence does not exceed three months, or the Participant's return to employment is guaranteed by statute or contract. If a termination of employment is due to permanent disability, an Option may continue its ISO status for up to one year, and if the termination is due to death, the ISO status may continue for the balance of the Option's term. Nothing in this Section 3.8(1) will be deemed to extend the original expiry date of an Option.
- (2) A Participant who owns, or is deemed to own, pursuant to Section 424(e) of the U.S. Tax Code, Shares possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company may not be granted an Option that is an ISO unless the Option Price is at least one hundred and ten percent (110%) of the Market Value of the Shares, as of the date of the grant, and the Option is not exercisable after the expiration of five (5) years from the date of grant.
- (3) To the extent the aggregate Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and any affiliates) exceeds One Hundred Thousand United States Dollars (US\$100,000), the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Options other than ISOs, notwithstanding any contrary provision in the applicable Option Agreement.

ARTICLE 4 RESTRICTED SHARE UNITS

Section 4.1 Nature of RSUs.

A "Restricted Share Unit" (or "RSU") is an Award in the nature of a bonus for services rendered that, upon settlement, entitles the recipient Participant to acquire Shares as determined by the Board or to receive the Cash Equivalent or a combination thereof, as the case may be, pursuant and subject to such restrictions and conditions as the Board may determine at the time of grant, unless such RSU expires



prior to being settled. Vesting conditions may, without limitation, be based on continuing employment (or other service relationship) and/or achievement of Performance Criteria. Unless otherwise determined by the Board in its discretion, the Award of an RSU is considered a bonus for services rendered in the calendar year in which the Award is made.

Section 4.2 RSU Awards.

- (1) The Board shall, from time to time by resolution, in its sole discretion, (i) designate the Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Participant and the date or dates on which such RSUs shall be granted, (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and the Restriction Period of such RSUs, (provided, however, that no such Restriction Period shall exceed the 3 years referenced in Section 4.3) and (iv) any other terms and conditions applicable to the granted RSUs, which need not be identical and which, without limitation, may include non-competition provisions, subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.
- (2) Subject to the vesting and other conditions and provisions in this Plan and in the RSU Agreement, each vested RSU awarded to a Participant shall entitle the Participant to receive one Share, the Cash Equivalent or a combination thereof upon confirmation by the Board that the vesting conditions (including the Performance Criteria, if any) have been met and no later than the last day of the Restriction Period. For greater certainty, RSUs that are subject to Performance Criteria may not become fully vested by the last day of the Restricted Period.

Section 4.3 Restriction Period.

The applicable restriction period in respect of a particular RSU shall be determined by the Board but in all cases shall end no later than the 31st of December of the calendar year which commences three years after the calendar year in which the performance of services for which such RSU is granted, occurred ("**Restriction Period**"). All unvested RSUs shall be cancelled on the RSU Vesting Determination Date (as such term is defined in Section 4.4) and, in any event:

- (i) all unvested RSUs shall be cancelled no later than the last day of the Restriction Period.

Section 4.4 RSU Vesting Determination Date.

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to an RSU have been met (the "**RSU Vesting Determination Date**"), and as a result, establishes the number of RSUs that become vested, if any. For greater certainty, the RSU Vesting Determination Date must fall after the end of the Performance Period, if any, but no later than; (i) the 15th of December of the calendar year which commences three years after the calendar year in which the performance of services for which such RSU is granted, occurred. Notwithstanding the foregoing, for any U.S. Participant, the RSU Vesting Determination Date shall occur no later than March 15 of the calendar year following the end of the Performance Period. Notwithstanding anything in this Section 4.4, no RSU may vest before the date that is one year following the date the RSU is granted or issued.

Section 4.5 Settlement of RSUs.

- (1) Except as otherwise provided in the RSU Agreement, all of the vested RSUs covered by a particular grant shall be settled as soon as practicable and in any event within ten Business Days following their RSU Vesting Determination Date and no later than the end of the Restriction Period (the "**RSU Settlement Date**").
- (2) Settlement of RSUs shall take place promptly following the RSU Settlement Date and no later than the end of the Restriction Period, and shall take the form determined by the Board, in its sole discretion. Settlement of RSUs shall be subject to Section 7.2 and shall take place through:



- (a) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
 - (b) in the case of settlement of RSUs for Shares (which may include Shares purchased in the secondary market by a trustee or administrative agent appointed by the Board):
 - (i) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) of a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or
 - (ii) in the case of Shares issued in uncertificated form, issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares; and
 - (iii) in either case of (i) or (ii), such settlement of the RSUs for Shares shall be in compliance and in accordance with Section 4.14 of Policy 4.4 of the TSX Venture Exchange whereby the Company shall engage an independent trustee to facilitate open market purchases.
 - (c) in the case of settlement of the RSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.
- (3) Notwithstanding the foregoing, for any U.S. Participant, the RSU Settlement Date and delivery of Shares or Cash Equivalent, if any, shall each occur no later than March 15 of the calendar year following the end of the Performance Period.

Section 4.6 Determination of Amounts.

- (1) For purposes of determining the Cash Equivalent of RSUs to be made pursuant to Section 4.5, such calculation will be made on the RSU Settlement Date based on the Market Value on the RSU Settlement Date multiplied by the number of vested RSUs in the Participant's Account to settle in cash.
- (2) For the purposes of determining the number of Shares to be issued or delivered to a Participant upon settlement of RSUs pursuant to Section 4.5, such calculation will be made on the RSU Settlement Date based on the whole number of Shares equal to the whole number of vested RSUs then recorded in the Participant's Account to settle in Shares.

Section 4.7 RSU Agreements.

RSUs shall be evidenced by an RSU Agreement in such form not inconsistent with the Plan as the Board may from time to time determine. The RSU Agreement may contain any such terms that the Company considers necessary in order that the RSU will comply with any provisions respecting restricted share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

Section 4.8 Award of Dividend Equivalent.

Dividend Equivalent may, as determined by the Board in its sole discretion, be awarded in respect of unvested RSUs in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date, provided



that any such Dividend Equivalents must be payable in cash to the extent the issuance of Shares would exceed the TSXV Share Limits or any other limitations prescribed by this Plan.

In the event that the Participant's applicable RSUs do not vest, all Dividend Equivalents, if any, associated with such RSUs will be forfeited by the Participant and returned to the Company's account.

ARTICLE 5 GENERAL CONDITOPNS

Section 5.1 General Conditions Applicable to Awards.

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

- (1) **Vesting Period.** No Award (other than Options), may vest before the date that is one year following the date the Award is granted or issued, provided that this requirement may be accelerated for a Person who dies or who ceases to be a Participant under the provisions hereof in connection with a Change of Control, take-over bid, reverse take-over or other similar transaction. Each Award granted hereunder shall further vest in accordance with the terms of the Grant Agreement entered into in respect of such Award. The Board has the right to accelerate the date upon which any Award becomes exercisable, subject to TSX Venture Exchange approval, notwithstanding the vesting schedule set forth for such Award, regardless of any adverse or potentially adverse tax consequence resulting from such acceleration.
- (2) **Employment.** Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee by the Company or a Subsidiary to the Participant of employment or another service relationship with the Company or a Subsidiary. The granting of an Award to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ or service in any capacity. Nothing contained in this Plan or in any Award granted under this Plan shall interfere in any way with the rights of the Company or any of its Affiliates in connection with the employment, retention or termination of any such Participant. The loss of existing or potential profit in Shares underlying Awards granted under this Plan shall not constitute an element of damages in the event of termination of a Participant's employment or service in any office or otherwise.
- (3) **Grant of Awards.** Eligibility to participate in this Plan does not confer upon any Participant any right to be granted Awards pursuant to this Plan. Granting Awards to any Participant does not confer upon any Participant the right to receive nor preclude such Participant from receiving any additional Awards at any time. The extent to which any Participant is entitled to be granted Awards pursuant to this Plan will be determined in the sole discretion of the Board. Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect a Participant's relationship or employment with the Company or any Subsidiary.
- (4) **Rights as a Shareholder.** Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards by reason of the grant of such Award until such Award has been duly exercised, as applicable, and settled and Shares have been issued in respect thereof. Subject to Section 4.8, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such Shares have been issued.
- (5) **Conformity to Plan.** In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (6) **Non-Transferrable Awards.** Each Award granted under the Plan is personal to the Participant



and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. No Award granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

- (7) **Participant's Entitlement.** Except as otherwise provided in this Plan or unless the Board permits otherwise, upon any Subsidiary of the Company ceasing to be a Subsidiary of the Company, Awards previously granted under this Plan that, at the time of such change, are held by a Person who is a Director, Executive Officer, Employee or Consultant of such Subsidiary of the Company and not of the Company itself, whether or not then exercisable, shall automatically terminate on the date of such change.

Section 5.2 General Conditions Applicable to Options.

Each Option shall be subject to the following conditions:

- (1) **Termination for Cause.** Upon a Person ceasing to be a Participant for Cause, any vested or unvested Option granted to such Participant shall terminate automatically and become void immediately. For the purposes of the Plan, the determination by the Company that the Participant was discharged for Cause shall be binding on the Participant. "**Cause**" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Company's codes of conduct and any other reason determined by the Company to be cause for termination.
- (2) **Termination not for Cause.** Upon a Person ceasing to be a Participant as a result of his or her employment or service relationship with the Company or a Subsidiary being terminated without Cause, (i) any unvested Option granted to such Participant shall terminate and become void immediately and (ii) any vested Option granted to such Participant may be exercised by such Participant. Unless otherwise determined by the Board, in its sole discretion (subject to compliance with the policies of the exchange on which the Company trades), such Option shall only be exercisable within the earlier of 90 days after the Termination Date, or the expiry date of the Option set forth in the Grant Agreement, after which the Option will expire. Notwithstanding the above, such Option shall only be exercisable within 12 months after the Person ceases to be a Participant.
- (3) **Resignation.** Upon a Person ceasing to be a Participant as a result of his or her resignation from the Company or a Subsidiary, (i) each unvested Option granted to such Participant shall terminate and become void immediately upon resignation and (ii) unless otherwise determined by the Board, in its sole discretion (subject to compliance with the policies of the exchange on which the Company trades), each vested Option granted to such Participant will cease to be exercisable on the earlier of the 90 days following the Termination Date and the expiry date of the Option set forth in the Grant Agreement, after which the Option will expire. Notwithstanding the above, such Option shall only be exercisable within 12 months after the Person ceases to be a Participant.
- (4) **Permanent Disability/Retirement.** Upon a Person ceasing to be a Participant by reason of retirement (in accordance with any retirement policy implemented by the Company from time to time) or permanent disability, (i) any unvested Option shall terminate and become void immediately, and (ii) any vested Option will cease to be exercisable on the earlier of the 90 days from the date of retirement or the date on which the Participant ceases his or her employment or service relationship with the Company or any Subsidiary by reason of permanent disability, and the expiry date of the Option set forth in the Grant Agreement, after which the Option will expire.
- (5) **Death.** Upon a Person ceasing to be a Participant by reason of death, any vested Option granted to such Participant may be exercised by the liquidator, executor or administrator, as the case



may be, of the estate of the Participant for that number of Shares only which such Participant was entitled to acquire under the respective Options (the “**Vested Awards**”) on the date of such Participant’s death. Such Vested Awards shall only be exercisable within 12 months after the Participant’s death or prior to the expiration of the original term of the Options whichever occurs earlier.

Section 5.3 General Conditions Applicable to RSUs.

Each RSU shall be subject to the following conditions:

- (1) **Termination for Cause and Resignation.** Upon a Person ceasing to be a Participant as a result of Termination for Cause or as a result of his or her resignation from the Company or a Subsidiary, the Participant’s participation in the Plan shall be terminated immediately, all RSUs credited to such Participant’s Account that have not vested shall be forfeited and cancelled, and the Participant’s rights to Shares or Cash Equivalent or a combination thereof that relate to such Participant’s unvested RSUs shall be forfeited and cancelled on the Termination Date. The Participant shall not receive any payment in lieu of cancelled RSUs that have not vested.
- (2) **Death or Termination.** Except as otherwise determined by the Board from time to time, at its sole discretion, upon a Person ceasing to be a Participant as a result of (i) death, (ii) retirement, (iii) Termination for reasons other than for Cause, (iv) his or her employment or service relationship with the Company or a Subsidiary being terminated by reason of injury or disability or (v) becoming eligible to receive long-term disability benefits (benefits if such benefits are then existing and established by the Company), all unvested RSUs in the Participant’s Account as of such date relating to a Restriction Period in progress shall be terminated, and the Participant shall not receive any payment in lieu of cancelled RSUs.
- (3) **General.** For greater certainty, where a Participant’s employment or service relationship with the Company or a Subsidiary is terminated pursuant to Section 5.3(1) or Section 5.3(2) hereof following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution or payment in respect of such RSUs, the Participant shall remain entitled to such distribution or payment. Such vested RSUs shall only be exercisable within 12 months after the Person ceases to be a Participant.

ARTICLE 6 ADJUSTMENTS AND AMENDMENTS

Section 6.1 Adjustment to Shares.

In the event of (i) any subdivision of the Shares into a greater number of Shares, (ii) any consolidation of Shares into a lesser number of Shares, (iii) any reclassification, reorganization or other change affecting the Shares, (iv) any merger, amalgamation or consolidation of the Company with or into another corporation, or (v) any distribution to all holders of Shares or other securities in the capital of the Company, of cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or Shares, but including for greater certainty shares or equity interests in a Subsidiary or business unit of the Company or one of its Subsidiaries or cash proceeds of the disposition of such a Subsidiary or business unit) or any transaction or change having a similar effect, then the Board shall in its sole discretion, subject to the required approval of any Stock Exchange, determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Award in connection with such occurrence or change, including, without limitation:

- (a) adjustments to the exercise price of such Award without any change in the total price applicable to the unexercised portion of the Award;
- (b) adjustments to the number of Shares to which the Participant is entitled upon exercise of such Award; or

- (c) adjustments to the number or kind of Shares reserved for issuance pursuant to the Plan.

Section 6.2 Change of Control.

- (1) Notwithstanding any express or implied term of this Plan to the contrary, but subject to Regulations as set forth by the TSX Venture Exchange, all issued Options as at the date on which there occurs a completion of a transaction constituting a Change of Control shall immediately vest.
- (2) Upon the completion of a transaction constituting a Change of Control, no Award issued pursuant to the Plan, other than Options, may vest before the date that is one year following the date it is granted or issued, provided that this requirement may be accelerated for a Person who dies or who ceases to be a Participant under the provisions hereof in connection with a Change of Control, take-over bid, reverse take-over or other similar transaction. Any Options that become exercisable pursuant to this Section 6.2(2) shall remain open for exercise in accordance with the terms set out in the Award Agreement. Notwithstanding the foregoing, there can be no acceleration of the vesting requirements applicable to Options grants to an Investor Relations Service Provider without the prior written approval of the TSX Venture Exchange and any Award must expire within a reasonable period following a Participant ceasing to be an eligible Participant (with a maximum period of 12 months).
- (3) In the event of a potential Change of Control, the Board shall have the power, in its sole discretion, subject to Section 6.3, to modify the terms of this Plan and/or the Awards to assist the Participants to tender into a take-over bid or to participate in any other transaction leading to a Change of Control.
- (4) Notwithstanding any other provision of this Plan, this Section 6.2 shall not apply with respect to any Awards held by a Participant where such Awards are governed under paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.
- (5) Notwithstanding any other provision of this Plan, for all U.S. Participants, “Change of Control” as defined herein shall be as “Change in Control” is defined in 409A of the U.S. Tax Code.

Section 6.3 Amendment or Discontinuance of the Plan.

- (1) The Board may suspend or terminate the Plan at any time. Notwithstanding the foregoing, any suspension or termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.
- (2) The Board may from time to time, in its absolute discretion and without approval of the shareholders of the Company amend any provision of this Plan or any Award, subject to any regulatory approval or prior TSX Venture Exchange acceptance at the time of such amendment, including, without limitation:
 - (i) any amendment necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body; and
 - (ii) any amendment of a “housekeeping” nature, including to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan.
- (3) Notwithstanding Section 6.3(2):
 - (a) no such amendment shall alter or impair the rights of any Participant, without the consent of such Participant except as permitted by the provisions of the Plan;

- (b) the Board shall be required to obtain disinterested shareholder approval and prior TSX Venture Exchange acceptance to make the following amendments:
 - (i) any increase to the maximum number of Shares issuable under the Plan (either as a fixed number or fixed percentage of the Outstanding Issue), except in the event of an adjustment pursuant to 6;
 - (ii) any amendment that extends the term of Options beyond the original expiry date that benefits an Insider of the Company;
 - (iii) any amendment which extends the expiry date of any Award, or the Restriction Period, or the Performance Period of any RSU beyond the original expiry date or Restriction Period or Performance Period, that benefits an Insider of the Company;
 - (iv) except in the case of an adjustment pursuant to 6, any amendment which reduces the exercise price of an Option or any cancellation of an Option and replacement of such Option with an Option with a lower exercise price;
 - (v) any amendment which increases the maximum number of Shares that may be (i) issuable to Insiders at any time; or (ii) issued to Insiders under the Plan and any other proposed or established Share Compensation Arrangement in a one-year period, except in case of an adjustment pursuant to Article 6;
 - (vi) any amendment to the definition of a Participant under the Plan; and
 - (vii) any amendment to the amendment provisions of the Plan.
- (4) Subject to the Shares being listed on the TSX Venture Exchange, any shareholder approval required under Section 6.3(3)(b) shall be disinterested shareholder approval (within the meaning of the policies of the TSX Venture Exchange).
- (5) The Company must obtain disinterested Shareholder approval of any decrease in the exercise price of, or extensions to Options granted to individuals that are Insiders at the time of the proposed amendment in accordance with Section 4.12(c) of Policy 4.4 of the TSX Venture Exchange.
- (6) Notwithstanding the foregoing, any amendment of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.

Section 6.4 TSX Venture Exchange Approval of Adjustments

While the Shares are listed for trading on the TSX Venture Exchange, any adjustment, other than in connection with a subdivision of the Shares into a greater number of Shares pursuant to Section 6.1(a) or a consolidation of Shares into a lesser number of Shares pursuant to Section 6.1(b), to any Award pursuant to the provisions hereof is subject to the prior acceptance of the TSX Venture Exchange, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

ARTICLE 7 MISCELLANEOUS

Section 7.1 Use of an Administrative Agent and Trustee.



The Board may in its sole discretion, and in accordance with Section 4.14 of Policy 4.4 of the TSX Venture Exchange, appoint from time to time one or more entities to act as administrative agent or trustee to administer the Awards granted under the Plan, including for the purposes of making secondary market purchases of Shares for delivery on settlement of an Award, if applicable, and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Company and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

Section 7.2 Tax Withholding.

- (1) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of such withholdings, including in respect of applicable taxes and source deductions, as the Company determines. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding may be satisfied in such manner as the Company determines, including by (a) having the Participant elect to have the appropriate number of such Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company pursuant to Section 7.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or determined by the Company as appropriate.
- (2) Notwithstanding Section 7.2(1), the applicable tax withholdings may be waived where a Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which subsection 100(3) of the regulations made under the Tax Act apply.

Section 7.3 US Tax Compliance.

- (1) Option and RSU Awards granted to U.S. Participants are intended to be exempt from all aspects of Section 409A of the U.S. Tax Code and related regulations ("**Section 409A**"). Notwithstanding any provision to the contrary, all taxes associated with participation in the Plan, including any liability imposed by Section 409A, shall be borne by the U.S. Participant.
- (2) For purposes of interpreting and applying the provisions of any Award to subject to Section 409A, the term "termination of employment" or similar phrase will be interpreted to mean a "separation from service," as defined under Section 409A, provided, however, that with respect to an Award subject to the Tax Act, if the Tax Act requires a complete termination of the employment relationship to receive the intended tax treatment, then "termination of employment" will be interpreted to only include a complete termination of the employment relationship.
- (3) If payment under any Award subject to Section 409A is in connection with the U.S. Participant's separation from service, and at the time of the separation from service the Participant is subject to the U.S. Tax Code and is considered a "specified employee" (within the meaning of Section 409A), then any payment that would otherwise be payable during the six-month period following the separation from service will be delayed until after the expiration of the six-month period, to the extent necessary to avoid taxes and penalties under Section 409A, provided that any amounts that would have been paid during the six-month period may be paid in a single lump sum on the first day of the seventh month following the separation from service.

Section 7.4 Clawback.

Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and



clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement). Without limiting the generality of the foregoing, the Board may provide in any case that outstanding Awards (whether or not vested or exercisable) and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted violates (i) a non-competition, non-solicitation, confidentiality or other restrictive covenant by which he or she is bound, or (ii) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Plan. In addition, the Board may require forfeiture and disgorgement to the Company of outstanding Awards and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards, with interest and other related earnings, to the extent required by law or applicable stock exchange listing standards, including and any related policy adopted by the Company. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees to cooperate fully with the Board, and to cause any and all permitted transferees of the Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required hereunder. Neither the Board nor the Company nor any other person, other than the Participant and his or her permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 7.4.

Section 7.5 Securities Law Compliance.

- (1) The Plan (including any amendments to it), the terms of the grant of any Award under the Plan, the grant of any Award and exercise of any Option, and the Company's obligation to sell and deliver Shares in respect of any Awards, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the rules and regulations of applicable Stock Exchanges and to such approvals by any regulatory or governmental agency as may, as determined by the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any Award hereunder to issue, sell or deliver Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (2) No Awards shall be granted in the United States and no Shares shall be issued in the United States pursuant to any such Awards unless such Shares are registered under the U.S. Securities Act and any applicable state securities laws or an exemption from such registration is available. Any Awards granted in the United States, and any Shares issued pursuant thereto, will be "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Any certificate or instrument representing Awards granted in the United States or Shares issued in the United States pursuant to such Awards pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws shall bear substantially the following legend restricting transfer under applicable United States federal and state securities laws:

THE SECURITIES REPRESENTED HEREBY [and for Awards, the following will be added: AND THE SECURITIES ISSUABLE PURSUANT HERETO] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN CONNECTION WITH ANY TRANSFERS PURSUANT TO

(C)(1) OR (D) ABOVE, THE SELLER HAS FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THAT EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

- (3) No Awards shall be granted, and no Shares shall be issued, sold or delivered hereunder, where such grant, issue, sale or delivery would require registration of the Plan or of the Shares under the securities laws of any jurisdiction or the filing of any prospectus for the qualification of same thereunder, and any purported grant of any Award or purported issue or sale of Shares hereunder in violation of this provision shall be void.
- (4) The Company shall have no obligation to issue any Shares pursuant to this Plan unless upon official notice of issuance such Shares shall have been duly listed with a Stock Exchange. Shares issued, sold or delivered to Participants under the Plan may be subject to limitations on sale or resale under applicable securities laws.
- (5) If Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Company to issue such Shares shall terminate and any funds paid to the Company in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.

Section 7.6 Reorganization of the Company.

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

Section 7.7 Quotation of Shares.

So long as the Shares are listed on one or more Stock Exchanges, the Company must apply to such Stock Exchange or Stock Exchanges for the listing or quotation, as applicable, of the Shares underlying the Awards granted under the Plan, however, the Company cannot guarantee that such Shares will be listed or quoted on any Stock Exchange.

Section 7.8 No Fractional Shares.

No fractional Shares shall be issued upon the exercise or vesting of any Award granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise or settlement of such Award, or from an adjustment permitted by the terms of this Plan, such Participant shall only have the right to purchase or receive, as the case may be, the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

Section 7.9 Governing Laws.

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

Section 7.10 Severability.

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

Section 7.11 Effective Date of the Plan



The Plan was adopted by the Board on October 16, 2024 and approved by the shareholders of the Company on November 27, 2024 and is effective as of that date.