



# **MCFARLANE LAKE**

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# **MINING**

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**MCFARLANE LAKE MINING LIMITED**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MARCH 3, 2025**

**NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**DATED: January 22, 2025**

**MCFARLANE LAKE MINING LIMITED**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the **Annual and Special Meeting of Shareholders** (the “**Meeting**”) of McFarlane Lake Mining Limited (the “**Corporation**”) will be held in person at Wildeboer Dellelce Place, 365 Bay Street, Suite 800, Toronto, Ontario M5H 2V1 on Monday, March 3, 2025 at 11:00 a.m. (Eastern time) for the following purposes:

1. **TO RECEIVE** the audited financial statements of the Corporation for the financial year ended August 31, 2024 and the report of the auditor thereon;
2. **TO APPOINT** the Corporation’s auditors for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
3. **TO ELECT** the directors of the Corporation;
4. **TO CONSIDER**, and if deemed advisable, to approve, with or without variation, an ordinary resolution, substantially in the form set out in the accompanying management information circular (the “**Circular**”), authorizing a certain amendment to the Corporation’s stock option plan (the “**Stock Option Plan**”), as more fully described in the Circular;
5. **TO CONSIDER**, and if deemed advisable, to approve, with or without variation, an ordinary resolution, substantially in the form set out in the accompanying Circular, the Corporation’s Stock Option Plan, performance and restricted share unit plan (the “**RSU Plan**”, and together with the RSU Plan, the Stock Option Plan, the “**Security Based Compensation Arrangements**”) as is required under the policies of Cboe Canada Inc. and as more fully described in the accompanying Circular; and
6. **TO TRANSACT** such other business as may properly come before the Meeting or any adjournment thereof.

**You are encouraged to make sure that your votes are represented at the Meeting. Additional information on how to vote your common shares of the corporation (the “Common Shares”) in advance of the Meeting is enclosed. Please take the time to vote using the form of proxy or voting instruction form sent to you in accordance with the instructions thereon so that your Common Shares are voted according to your instructions and represented at the Meeting.**

The Board has fixed the close of business on January 16, 2025 as the record date (the “**Record Date**”) for the Meeting. Only holders of record of Common Shares at the close of business on the Record Date, who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described in the accompanying Circular are entitled to notice of, and to vote at, this Meeting.

Particulars of the foregoing matters are set forth in the accompanying Circular. The Corporation has elected to use the notice and access provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* (together, the “**Notice and Access Provisions**”) for the Meeting. The Notice and Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to

shareholders by allowing the Corporation to post the Circular and any additional materials online. Shareholders will still receive this notice of meeting and a form of proxy and may choose to receive a hard copy from the Corporation. In relation to the Meeting, all shareholders will receive the required documentation under the Notice and Access Provisions, which will not include a paper copy of the Circular.

The audited financial statements of the Corporation as at and for the year ended August 31, 2024 and the report of the auditor of the Corporation thereon can be viewed on the Corporation's website at <https://mcfarlanelakemining.com/> and on the Corporation's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the accompanying form of proxy in the enclosed return envelope or for convenience to log on to the website indicated on the form of proxy or voting instruction form, enter the control number and vote their Common Shares online. All instruments appointing proxies to be used at the Meeting or at any adjournment thereof must be voted online or delivered to the registered office of the Corporation located at 15 Kincora Court, Sudbury, Ontario, P3E 2B9, or deposited with Odyssey Trust Company located in the Trader's Bank Building 702 at 67 Yonge Street, Toronto, Ontario, M5E 1J8, by 11:00am, Eastern Daylight Time on Thursday, February 27, 2025.

DATED at Toronto, Ontario this 22<sup>nd</sup> day of January, 2025.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(Signed) Mark Trevisiol*

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Mark Trevisiol

Chief Executive Officer, President and Director

## MCFARLANE LAKE MINING LIMITED MANAGEMENT INFORMATION CIRCULAR

Unless otherwise specified, information contained in this management information circular (this “**Circular**”) is as of January 22, 2025.

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by McFarlane Lake Mining Limited (the “**Corporation**”). The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

All references to shareholders in this Circular and the accompanying form of proxy (the “**Form of Proxy**”) and notice of meeting (the “**Notice of Meeting**”) are to shareholders of record as of the close of business on January 16, 2025, unless specifically stated otherwise.

**You are encouraged to make sure that your votes are represented at the Meeting. Additional information on how to vote your Common Shares (as hereinafter defined) in advance of the Meeting is enclosed. Please take the time to vote using the Form of Proxy or voting instruction form (“VIF”) sent to you in accordance with the instructions thereon so that your shares are voted according to your instructions and represented at the Meeting.**

### SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation by and on behalf of the management of the Corporation of proxies to be used at the annual and special meeting (the “**Meeting**”) of holders of the common shares of the Corporation (the “**Common Shares**”) to be held at Wildeboer Dellelce Place, 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1 on Monday, March 3, 2025 at 11:00 a.m. (Eastern time). The Meeting will be held for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be primarily by mail, subject to the Notice and Access (as hereinafter defined) process. Directors, officers or employees of the Corporation may solicit proxies personally or by telephone at nominal cost. The cost of any such solicitation by management will be borne by the Corporation.

### MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed Form of Proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. In the absence of such direction, such Common Shares will be voted **FOR** the appointment of McGovern Hurley LLP, Chartered Professional Accounts, as the Corporation’s auditors, **FOR** the election of the nominees as directors, each of whom are set forth below in the *Business of Meeting – Item 3 – Election of Directors* section of this Circular, **FOR** the amendment to the Stock Option Plan (as hereinafter defined) details of which are set forth below in the *Business of Meeting – Item 4 – Amendment to the Corporation’s Stock Option Plan* section of this Circular, and **FOR** the re-approval of the Corporation’s Stock Option Plan, performance and restricted share unit plan (“**RSU Plan**” and together with the RSU Plan and the Stock Option Plan, the “**Security Based Compensation Arrangements**”).

The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As of the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

## APPOINTMENT OF PROXIES

The persons named in the enclosed Form of Proxy are directors or officers of the Corporation. A shareholder desiring to appoint some other person to represent him, her or them at the Meeting may do so by inserting such person's name, who need not be a shareholder of the Corporation, in the blank space provided in the enclosed Form of Proxy and striking out the names of the two persons specified or by completing another proper Form of Proxy. In all cases, the completed Form of Proxy must be voted online or delivered to the registered office of the Corporation located at 15 Kincora Court, Sudbury, Ontario, P3E 2B9, or deposited with Odyssey Trust Company located in the Trader's Bank Building 702 at 67 Yonge Street, Toronto, Ontario, M5E 1J8, by 11:00 a.m. on Thursday, February 27, 2025.

## REVOCAION OF PROXIES

A registered shareholder of the Corporation who has given a proxy may revoke the proxy as to any motion on which a vote has not already been cast pursuant to the authority conferred by it by: (a) depositing an instrument in writing, including another completed Form of Proxy, executed by such registered shareholder or by his or her attorney authorized in writing or by electronic signature or, if the registered shareholder is a corporation, by an officer or attorney thereof properly authorized, either (i) at the principal office of the Corporation located at 15 Kincora Court, Sudbury, Ontario, P3E 2B9, at any time prior to 11:00 a.m. (Eastern time) on Thursday, February 27, 2025; (ii) with Odyssey Trust Company located in the Trader's Bank Building 702 at 67 Yonge Street, Toronto, Ontario M5E 1J8, at any time prior to 11:00 a.m. (Eastern time) on Thursday, February 27, 2025; or (iii) with the chair of the Meeting on the day of the Meeting or any adjournment thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with paragraph (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be; or (c) in any other manner permitted by law.

## NOTICE AND ACCESS

The Corporation has elected to use the notice and access process ("**Notice and Access**") under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of this Circular and other meeting materials to registered shareholders of the Corporation and non-registered shareholders of the Corporation as set out below under the heading "Voting by Non-Registered Shareholders". Notice and Access allows issuers to post electronic versions of meeting materials, including circulars, annual financial statements and management discussion and analysis, online, via the System for Electronic Data Analysis and Retrieval + ("**SEDAR+**") and one other website, rather than mailing paper copies of such meeting materials to shareholders.

The Corporation has posted this Circular, the Corporation's audited financial statements for the year ended August 31, 2024 (the "**Annual Financial Statements**") and the Corporation's management discussion and analysis for the year ended August 31, 2024 (the "**Annual MD&A**") on the Corporation's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Corporation's website at <https://mcfarlanelakemining.com/>.

Although this Circular, Annual Financial Statements and Annual MD&A (collectively, the "**Meeting Materials**") will be posted electronically online, as noted above, the registered shareholders and non-registered shareholders (subject to the provisions set out below under the heading "**Voting by Non-Registered Shareholders**") will receive a "notice package" (the "**Notice and Access Notification**"), by prepaid mail, which includes the information prescribed by NI 54-101, and a Form of Proxy or VIF from

their respective intermediaries. Shareholders should follow the instructions for completion and delivery contained in the Form of Proxy or VIF. Shareholders are reminded to review this Circular before voting their Common Shares. The Corporation will not use procedures known as “stratification” in relation to using Notice and Access. Stratification occurs when a reporting issuer using Notice and Access provides a paper copy of the information circular to some shareholders with the notice package.

The Corporation is not mailing the Meeting Materials directly to “non-objecting beneficial owners” (“**NOBOs**”). NOBOs are beneficial owners who have indicated that the issuer whose securities they beneficially hold as Non-Registered Shareholders (as defined below) may have certain information disclosed to such issuers such as the Non-Registered Shareholder’s name, address and number of securities of the issuer such shareholder beneficially holds. The Corporation does not intend to pay for the cost of delivery to “objecting beneficial owners” (“**OBOs**”). OBOs are Non-Registered Shareholders who have indicated that they do not want the issuer whose securities they beneficially hold to be provided any information regarding such shareholder, and as a consequence any such OBOs will not receive the Meeting Materials unless the OBOs’ Intermediaries (as defined below) assume the cost of delivery.

Shareholders will not receive a paper copy of the Meeting Materials unless they contact Odyssey Trust Company at 1-888-290-1175, in which case Odyssey Trust Company will mail the requested materials within three (3) business days of any request, provided the request is made prior to the Meeting, as set out below. Shareholders with questions about Notice and Access may contact Odyssey Trust Company toll free within North America at 1-888-290-1175 and outside North America at 1-587-885-0960. Requests for paper copies of the Meeting Materials must be received at least ten (10) days in advance of the proxy deposit cut-off date and time, which is 11:00 a.m. on Thursday, February 27, 2025. Therefore, in order to receive a paper copy of the Meeting Materials in advance of the proxy deposit cut-off date, your request should be received by Monday, February 17, 2025.

## **VOTING BY NON-REGISTERED SHAREHOLDERS**

The information set forth in this section is of significant importance to many shareholders of the Corporation as a substantial number of shareholders do not hold their Common Shares in their own name and therefore are considered non-registered shareholders (“**Non-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 Corporation and such shareholder will be a Non-Registered Shareholder. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker or another similar intermediary (in each case, an “**Intermediary**”) holding on the shareholder’s behalf.

The Meeting Materials are being sent to both registered and non-registered owners of Common Shares. If you are a non-registered owner, your Intermediary has sent the Meeting Materials to you on behalf of the Corporation.

In some cases, an Intermediary holding on behalf of a NOBO will date and sign the Corporation’s Form of Proxy and send it to the NOBO for such NOBO to complete the voting instructions. If you have received the Corporation’s Form of Proxy directly, you may return it to Odyssey Trust Company by regular mail in the return envelope provided or by fax at 1-800-517-4553 or by email to: [shareholders@odysseytrust.com](mailto:shareholders@odysseytrust.com).

Only registered shareholders, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. However, NOBOs may also direct the voting of Common Shares that they beneficially own. The intermediary holding your Common Shares on your behalf has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions to your Intermediary as specified in the request for voting instructions. OBOs and other

beneficial holders receive a VIF from their Intermediary if such Intermediary has assumed the cost of mailing the Meeting Materials to the OBOs on whose behalf they are holding the Common Shares. Detailed instructions as to how to submit your vote will be on the VIF, or you may contact your Intermediary for additional instructions.

In either case, the purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives either a Form of Proxy or VIF wish to vote at the Meeting in person, the Non-Registered Shareholder should strike out the persons named in the Form of Proxy or VIF and insert the Non-Registered Shareholder's name in the blank space provided or, in the case of a VIF, follow the directions indicated on the VIF. Non-Registered Shareholders who receive a VIF from an Intermediary should carefully follow the instructions of their Intermediary including those regarding when and where the VIF is to be delivered.

A Non-Registered Shareholder who has submitted a VIF may revoke it by contacting the Intermediary through which the Non-Registered Shareholder's Common Shares are held and following the Intermediary's instructions. A Non-Registered Shareholder who has submitted the Corporation's Form of Proxy may revoke it in the manner described in the Form of Proxy but will need the assistance of the Intermediary holding on behalf of such Non-Registered Shareholder as only registered holders may sign the Form of Proxy. Please refer to the sections entitled "Appointment of Proxies" and "Revocation of Proxies".

## **VOTING SHARES AND RECORD DATE**

The Corporation is authorized to issue an unlimited number of Common Shares without par value carrying the right to one vote per share at all meetings of the shareholders of the Corporation. The Common Shares trade on Cboe Canada Inc. ("Cboe") under the ticker symbol "MLM" and on the OTCQB Venture Market under the ticker symbol "MLMLF".

As of January 22, 2025, the Corporation had 244,738,654 Common Shares issued and outstanding.

In accordance with the provisions of the *Business Corporations Act* (Ontario) (the "Act"), the Corporation has fixed January 16, 2025 as the record date (the "**Record Date**") for the purpose of determining the shareholders who are entitled to vote at the Meeting. The Corporation will prepare a list of holders of its Common Shares as at the close of business on the Record Date. A shareholder named in the list will be entitled to vote the Common Shares shown opposite its name at the Meeting and all adjournments thereof.

## **QUORUM**

The presence of shareholders or proxy holders entitled to cast votes at the Meeting holding not less than 10% of the outstanding Common Shares of the Corporation will constitute a quorum. The Corporation's list of shareholders as of the Record Date has been used to deliver to shareholders the Notice of Meeting and this Circular as well as to determine who is eligible to vote.

## **SHAREHOLDER APPROVALS**

Unless otherwise noted, approval of matters to be placed before the Meeting is by an "ordinary resolution", which is a resolution passed by a simple majority (50% plus 1) of the votes cast by shareholders of the Corporation entitled to vote and present in person or represented by proxy.

## PRINCIPAL HOLDERS OF VOTING SHARES

As of January 22, 2025, to the knowledge of the directors and senior officers of the Corporation, the following persons or companies beneficially own, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Corporation:

- Mark Trevisiol – 31,274,000 Common Shares (17,774,667 directly and 13,499,333 indirectly) representing 12.78% of the issued and outstanding Common Shares. Mark Trevisiol also holds 5,000,000 stock options (“**Options**”), 3,866,666 common share purchase warrants (“**Warrants**”) (250,000 directly and 3,616,666 indirectly) of the Corporation.

Information regarding shareholdings of the Corporation by the above named persons or companies, not being within the knowledge of the Corporation, is taken from public sources posted by the holders thereof.

## BUSINESS OF THE MEETING

### *Item 1 – Receipt of Financial Statements*

The audited Annual Financial Statements of the Corporation and related Annual MD&A for the financial year ended August 31, 2024, will be placed before the Meeting but shareholders will not be asked to vote thereon.

Copies of the Corporation’s audited Annual Financial Statements for the financial year ended August 31, 2024 together with the report of the auditors thereon and related Annual MD&A are available upon request from the Corporation or can be accessed at <https://mcfaranelakemining.com/> and on the Corporation’s profile at [www.sedarplus.ca](http://www.sedarplus.ca).

### *Item 2 – Appointment and Remuneration of Auditors*

It is proposed to appoint McGovern Hurley LLP, Chartered Professional Accountants, of Toronto, Ontario as auditors of the Corporation to hold office until the next annual meeting of shareholders, and to authorize the directors to fix their remuneration. McGovern Hurley LLP, Chartered Professional Accounts, has been the auditors of the Corporation since January 14, 2022.

**The board of directors (the “Board”) recommends a vote FOR the reappointment of McGovern Hurley, Chartered Professional Accountants, as auditor of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration.** Unless another choice is specified, the persons named in the enclosed Form of Proxy intend to vote FOR the appointment of McGovern Hurley LLP, Chartered Professional Accountants, as auditor of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration.

### *Item 3 – Election of Directors*

#### Nominees for election as Directors

The following tables sets forth the names of all the persons proposed to be nominated for election as directors, as well as additional details regarding their place of residence, principal occupation, the period of time for which he or she has been a director of the Corporation, and the number and percentage of Common Shares beneficially owned or controlled as at the date hereof. In accordance with the special



resolution of the shareholders of the Corporation dated March 6, 2023, empowering the Board to set the number of directors to be elected at a meeting of shareholders, the Board has determined that there will be seven (7) directors elected at the Meeting.

<b>Name, Place of Residence and Independent vs. Non-Independent Director</b>	<b>Position with the Corporation and Date First Appointed to the Board</b>	<b>Principal Occupation</b>	<b>Number and Percentage of Shares Beneficially Owned or Controlled as of January 22, 2025</b>	<b>2024 Board Attendance</b>
<b>Amanda Fullerton</b> Ontario, Canada <sup>(1)</sup>   Independent Director	Director (January 14, 2022)	General Counsel & Corporate Secretary at Denarius Metals Corp. since February 2021. Amanda was previously also a non-executive Chair at MacDonald Mines Exploration Ltd. from June 2021 to October 2024, the General Counsel & Corporate Secretary at GCM Mining Corp. from March 25, 2019 to September 26, 2022 and the Vice President, Legal of Macquarie Capital Markets Canada Ltd. from March 24, 2014 to March 22, 2019.	-	<b>Board</b> 4 of 4  <b>Audit Committee</b> 4 of 4  <b>CGN Committee</b> 0 of 0  Overall 100%
<b>Deborah Battiston</b> Ontario, Canada <sup>(2)</sup>   Independent Director	Director (January 13, 2023)	Director at Euro Sun Mining Inc. and Brazil Potash Corp. Deborah was previously a director until October 2024 and a senior officer until January 2022 at Savana Capital Corp. She was also a senior officer at O2Gold Inc., Jourdan Resources Inc., Q-Gold Resources Ltd., Medivolve Inc. until January 2022. Deborah was formerly a senior officer at Flora Growth Corp. until June 2021, a senior officer at Silo Wellness Inc. until March 2021, a director at Sulliden Mining Capital Inc. until June 2020, a senior officer at Sulliden Mining Capital Inc. until June 2020, a senior officer at QMX Gold Corporation until September 2020, and a senior officer at ARHT Media Inc. until August 2019.	-	<b>Board</b> 4 of 4  <b>Audit Committee</b> 4 of 4  Overall 100%

<b>Fergus Kerr</b> Ontario, Canada <sup>(3)</sup>   Independent Director	Director (January 14, 2022)	Currently self-employed as a consultant. Prior to that, Fergus was the Vice President of Operations at Global Atomic Fuels from 2011 to 2018.	700,000 (0.28%)	<b>Board</b> 4 of 4  <b>Audit Committee</b> 4 of 4  <b>CGN Committee</b> 0 of 0  Overall 100%
<b>Mark Trevisiol</b> Ontario, Canada   Non-Independent Director	Director, President & Chief Executive Officer (January 14, 2022)	Previously, a General Manager at Sudbury Smelting Unit Falconbridge Ltd., President and CEO of Crowflight Minerals, President and CEO of Silver Bear Resources. Mark is currently the Vice President at Electra Battery Materials Corporation.	31,274,000 (12.78%)	<b>Board</b> 4 of 4  Overall 100%
<b>Perry N. Dellelce</b> Ontario, Canada   Independent Director	Director (January 14, 2022)	Managing Partner at Wildeboer Dellelce LLP, Director at Mount Logan Capital since October 2020. Prior to that, he was the Chair of the Board at Mind Medicine Inc. from February 2020 to December 2021 and a member of the Board at Lendified Holdings Inc. from April 2020 to the year 2024.	17,193,947 (7.02%)	<b>Board</b> 4 of 4  Overall 100%
<b>Dario Zulich</b> Ontario, Canada <sup>(4)</sup>   Independent Director	Director (May 8, 2023)	Currently, the Chief Executive Officer of SW Sports and Entertainment Inc. which owns Sudbury Wolves Hockey Club of the Ontario Hockey League. He was also previously the Chief Executive Officer of TESC Contracting.	4,306,555 (1.76%)	<b>Board</b> 4 of 4  <b>CGN Committee</b> 0 of 0  Overall 100%
<b>Roger Emdin</b> Ontario, Canada   Non-Independent Director	Director & Chief Operating Officer (January 14, 2022)	Previously the Vice President, Projects and Vice President, Operations at Silver Lake Ontario Inc. (formerly, Harte Gold Corp.) until November 2019.	3,170,000 (1.26%)	<b>Board</b> 4 of 4  Overall 100%

Notes:

- (1) Member of the Audit Committee and Chair of the Compensation, Nomination and Governance Committee (the “**CGN Committee**”).
- (2) Chair of the Audit Committee.
- (3) Member of the Audit Committee, CGN Committee and the Lead Independent Chair of the Board.
- (4) Member of the CGN Committee.

## *Biographies of Directors*

Biographical information regarding the foregoing is set forth below:

**Amanda Fullerton:** Ms. Fullerton is currently the general counsel and corporate secretary at Denarius Metals Corp. Previously, she was a non-executive Chair at MacDonald Mines Exploration Ltd. and general counsel and corporate secretary at GCM Mining Corp. Ms. Fullerton has over 15 years of experience in the areas of corporate finance, securities, mergers and acquisitions and corporate/commercial law focused primarily in the resource sector, gained through her previous positions at Macquarie Capital Markets Canada Ltd., Fasken Martineau DuMoulin LLP and Norton Rose Fulbright LLP. She holds an LL.B. from the University of Ottawa and a Bachelor of Medical Science (Hons.) degree in Physiology from Western University.

**Deborah Battiston:** Ms. Battiston is currently a director at Euro Sun Mining Inc. and Brazil Potash Corp. Prior to Euro Sun Mining Inc. and Brazil Potash Corp., Ms. Battiston was a director and senior officer at various corporations, including Savanna Capital Corp., O2Gold Inc., Jourdan Resources Inc., Q-Gold Resources Ltd., Medivolve Inc., Flora Growth Corp., Silo Wellness Inc., and Sulliden Mining Capital Inc. She was also a director at Sulliden Mining Capital Inc. until June 2020. Ms. Battiston is a Chartered Professional Accountant and an ICD.D (Institute of Corporate Director's Director) obtained from the University of Toronto's Rotman School of Management. Ms. Battiston also holds a B.A. in Economics from the University of Guelph.

**Fergus Kerr:** Mr. Kerr is a Professional Mining Engineer and is currently self employed as a consultant. Mr. Kerr is a graduate of the Royal School of Mines and a mining engineer with over 35 years of experience, including 14 years at Denison Mine's Elliot Lake uranium mine, where he served as general manager for five years. After working at Denison Mine's Elliot Lake, Mr. Kerr served as sector director at Workplace Safety & Insurance Board, and mine manager at Inco LLC Area Manager at Inco's Sudbury operations. Mr. Kerr also served as the vice president of operations at Global Atomic Fuels for seven years.

**Mark Trevisiol:** Mr. Trevisiol is a professional engineer with 30 years of experience in mineral processing, mining, capital projects and executive management. Mr. Trevisiol spent over 20 years with Glencore predecessor companies Falconbridge Ltd. and Xstrata Nickel, where he was a general manager of business development and strategy, a general manager of the Sudbury Smelter Business Unit, a manager of smelter operations, and a superintendent of the Kidd Creek Zinc Plant. Mr. Trevisiol is currently the vice president of project development at Electra Battery Materials Corporation (formerly First Cobalt Corp.) He is also the former President and CEO of two publicly traded mining companies, namely Crowflight Minerals and Silver Bear Resources. He has worked across several commodities, including nickel, cobalt, zinc, copper, lithium, gold, and silver. Mr. Trevisiol holds an Engineering degree from the University of Waterloo.

**Perry N. Dellelce:** Mr. Dellelce is the founder and managing partner of Wildeboer Dellelce LLP, one of Canada's leading corporate finance transactional law firms. Mr. Dellelce practices in the areas of securities, corporate finance and mergers and acquisitions. Mr. Dellelce currently serves as a director of a number of private and public companies, including Mount Logan Capital (CBOE: MLC), and Cboe Canada Inc. Prior to that, Mr. Dellelce served as the chair of the board at Mind Medicine Inc. (NASDAQ: MNMD) (CBOE: MMED) for two years. Mr. Dellelce is also the chair of the board of the Canadian Olympic Foundation and former chair and current member of the Board of the Sunnybrook Foundation. During the year 2024, Mr. Dellelce resigned from the board of Lendified Holdings Inc. He was called to the Ontario Bar in 1992. Mr. Dellelce holds a Bachelor of Arts from the University of Western Ontario, an M.B.A from the University of Notre Dame and an LL.B. from the University of Ottawa.

**Dario Zulich:** Mr. Zulich is the chief executive officer of SW Sports and Entertainment Inc., which directs a portfolio of companies, including the Sudbury Wolves Hockey Club, the Sudbury Five Basketball Club, and the Sudbury Spartans Football Club. Mr. Zulich was previously also the former chief executive officer of TESC Contracting. He holds an Honors Degree in Business Administration from the Richard Ivey School of Business at the University of Western Ontario.

**Roger Emdin:** Mr. Emdin is a professional mining engineer with more than 30 years of global experience in operations, projects, engineering and sustainable development in both base metal and gold mining environments. Mr. Emdin started out in gold with the Dome and Canamax Resources in Ontario before turning to base metals in Zambia, returning to Canada but working globally as a consultant. Mr. Emdin joined Glencore (Falconbridge) filling various roles including, engineering superintendent, mine manager (Craig & Nickel Rim South) and of manager sustainable development for Sudbury Operations before coming back to gold in 2015 as the vice president of operations for Harte Gold. Mr. Emdin served as the industry co-chair for the Mining Legislative Review Committee for 7 years, was active in the Ontario Mining Association and served as the chair of the board of directors for the Centre for Excellence in Mining Innovation (CEMI). Mr. Emdin also participated with the Ontario government as a member of the Advisory Group to the Mining Health and Safety Prevention Review and was a member of the board for Cambrian College for six years including roles of chair of the audit committee and chair of the board.

#### *Cease Trade Orders and Bankruptcies*

Other than as set forth below:

- (i) to the best of the Corporation's knowledge, no proposed Director is, or within ten (10) years before the date hereof, has been: (a) a director, chief executive officer or chief financial officer of any company that, (i) 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 30 consecutive days that was issued while the proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) 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 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 that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (ii) to the best of the Corporation's knowledge, no proposed Director: (a) is at the date hereof, or has been with ten (10) years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, or within ten (10) years before the date hereof, 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; and
- (iii) to the best of the Corporation's knowledge, no proposed Director has been subject to any: penalties or sanctions imposed by a court relating to Canadian securities legislation or by a

Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority.

**The Board recommends a vote FOR the election of each of the nominated directors.** Unless such authority is withheld, the persons named in the enclosed Form of Proxy intend to vote FOR the election of the individuals set forth in the tables above. Management does not contemplate that any of such nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed Form of Proxy reserve the right to vote for another nominee in their discretion.

**Item 4 – Amendment to the Corporation’s Stock Option Plan**

The Board and shareholders previously approved the Corporation’s incentive stock option plan, effective January 14, 2022, as amended by shareholders on March 6, 2023 (the “**Stock Option Plan**”), for the benefit of the directors, officers, employees, and consultants of the Corporation, in accordance with the policies of Cboe.

For additional information regarding the Stock Option Plan, please refer to the section entitled “Statement of Executive Compensation – *Long-Term Compensation Incentives*” on page 15 herein.

On January 21, 2025, the Board approved a certain material amendment (the “**Material Amendment**”) to the Stock Option Plan. Pursuant to the Material Amendment, the Corporation proposes to amend the Stock Option Plan to remove the minimum Exercise Price (as such term is defined therein) of \$0.05 as set out in section 5.1 of the Stock Option Plan. The proposed removal of the \$0.05 minimum Exercise Price under the Stock Option Plan will allow Options to be granted at a price that is no less than the Market Price (as defined in the Stock Option Plan) of the Corporation’s common shares on the date of grant.

The Corporation expects that the Material Amendment will optimize its compensation strategy and enhance flexibility in rewarding performance. The Corporation believes the Material Amendment will strengthen its ability to execute on strategic objectives and deliver sustainable growth for the benefit of shareholders.

A blackline which highlights the Material Amendment to the Stock Option Plan is included in this Circular as Schedule “A”.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution (the “**Stock Option Plan Resolution**”), approving the Material Amendment to the Stock Option Plan.

**BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. the continued use of the Stock Option Plan as amended and as described in this Circular, and any further amendments approved by the Board, as required by applicable securities regulatory authorities or stock exchanges is hereby ratified, adopted and approved;
2. the Material Amendment is hereby ratified, confirmed and approved; and
3. one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all documents, resolutions, and instruments and to take any such actions as such person may determine to be necessary or desirable to implement this resolution and to comply with all applicable regulatory requirements; and

4. any actions taken prior to the date of this resolution by any director or officer of the Corporation in connection with the foregoing matters are hereby ratified, confirmed, and approved.

**The Board recommends a vote FOR the Stock Option Plan Resolution.** In order to be approved, this resolution must be approved by not less than a majority of the votes cast by shareholders at the Meeting. Unless a shareholder has specified in the proxy that the shares are to be voted against the ordinary resolution, the persons named in the enclosed Form of Proxy intend to vote FOR the resolution ratifying and approving the Stock Option Plan Resolution.

**Item 5 – Reapproval to the Corporation’s Security Based Compensation Arrangements**

Pursuant to Section 10.12 – Security Based Compensation of the Cboe listing manual (the “**Cboe Listing Manual**”), the Corporation is required to obtain shareholder approval for any security-based incentive plan that is an “evergreen plan” within every three (3) years. Evergreen plans allow security-based compensation awards to replenish upon exercise or settlement and require explicit shareholder approval for unallocated entitlements. If such approval is not obtained within the required time, all unallocated entitlements must be cancelled, and no further security-based compensation awards may be granted until shareholder approval is obtained. Allocated awards, such as Options already granted but not yet exercised, will remain unaffected.

With respect to the Corporation: (i) the RSU Plan was approved on December 7, 2021, and amended on March 6, 2023, and on January 10, 2024; and (ii) the Stock Option Plan was approved on January 14, 2022, and amended on March 6, 2023. The Corporation now seeks shareholder approval to continue granting Awards under each of the Security Based Compensation Arrangements in accordance with the Cboe Listing Manual. The Corporation would next be required to seek shareholder approval for the Security Based Compensation Arrangements prior to March 3, 2028, being three (3) years following shareholder approval at the Meeting.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution (the “**Reapproval Resolution for the Security Based Compensation Arrangements**”) reapproving the continuation of each of the RSU Plan and Stock Option Plan.

For additional information regarding the Security Based Compensation Arrangements, please see the section entitled “Statement of Executive Compensation - Long-Term Compensation Incentives.”

**BE IT RESOLVED, AS AN ORDINARY RESOLUTION THAT:**

1. the continued use of the Corporation’s Security Based Compensation Arrangements, including all unallocated entitlements thereunder, as further described in this Circular is hereby approved with the next date for security holder approval to be no later than March 3, 2028, in accordance with the policies set forth in the Cboe Listing Manual; and
2. any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all documents, resolutions, and instruments and to take any such actions as such person may determine to be necessary or desirable to implement this resolution and to comply with all applicable regulatory requirements; and
3. any actions taken prior to the date of this resolution by any director or officer of the Corporation in connection with the foregoing matters are hereby ratified, confirmed, and approved.

**The Board recommends a vote FOR the Reapproval Resolution for the Security Based Compensation Arrangements.** In order to be approved, this resolution must be approved by not less than a majority of the

votes cast by shareholders at the Meeting. Unless a shareholder has specified in the proxy that the shares are to be voted against the ordinary resolution, the persons named in the enclosed Form of Proxy intend to vote FOR the resolution approving the Reapproval Resolution for the Security Based Compensation Arrangements.

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

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. Receipt at the Meeting of reports to the directors and auditors and the Corporation's Annual Financial Statements and the auditors' report thereon will not constitute approval or disapproval of any matters referred to therein. If any matters which are not now known should properly come before the Meeting, the accompanying Form of Proxy will be voted on such matters in accordance with the best judgment of the person voting it.

## **STATEMENT OF EXECUTIVE COMPENSATION**

All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated.

### **Compensation Discussion & Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's executive compensation philosophy, objectives and processes and to discuss compensation decisions relating to the Corporation's senior executives, being the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), regardless of the amount of compensation of those individuals, each of the Corporation's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recent fiscal year ended August 31, 2024 and whose total compensation during the most recent fiscal year exceeded \$150,000, and each individual who would be a Named Executive Officer but for the fact that the individual was neither an executive officer of the Corporation, nor serving in a similar capacity, at the end of the fiscal year ended August 31, 2024 (the "Named Executive Officers").

The Corporation's policies on compensation for its Named Executive Officers are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of the Corporation. The overriding principles in establishing executive compensation provide that compensation should:

- (a) reflect fair and competitive compensation commensurate with an individual's experience and expertise in order to attract and retain highly qualified executives;
- (b) reflect recognition and encouragement of leadership, entrepreneurial spirit and teamwork;
- (c) reflect an alignment of the financial interests of the executives with the financial interest of the shareholders;
- (d) include security based compensation and, in certain circumstances, bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives;
- (e) reflect a contribution to enhancement of shareholder value; and
- (f) provide incentive to the executives to continuously improve operations and execute on corporate strategy.

The Corporation's executive compensation program encompasses three elements as follows:

- (a) base salary;
- (b) short-term compensation incentives for management through cash bonuses; and
- (c) long-term compensation incentives related to long-term increases in share value.

### *Compensation, Nomination and Governance Committee*

The CGN Committee currently consists of Amanda Fullerton (Chair), Dario Zulich and Fergus Kerr, all of whom are considered to be independent for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”). In order to ensure that the process for determining executive compensation remains objective, the Board has satisfied itself that the members of the CGN Committee understand and consider the broad objectives of the Corporation with regard to compensation. Each member of the CGN Committee possesses the skills and experience necessary to make decisions on the suitability of the Corporation’s compensation policies and practices.

The CGN Committee’s primary responsibilities in relation to compensation matters include, but are not limited to: (i) reviewing and advising the Board on: (a) current trends in regional and industry-wide compensation practices, and (b) how the Corporation’s compensation programs and practices compare to those of comparable companies in the industry; (ii) reviewing and approving goals and objectives relevant to the CEO’s compensation, evaluating the CEO’s performance with respect to those goals and objectives and determining the CEO’s compensation; (iii) reviewing and recommending to the Board the terms and conditions, design, approval, implementation, administration and interpretation of the Corporation’s compensation plans, including equity-based compensation, and each amendment thereof; (iv) establishing and reviewing annually share ownership guidelines for the executive officers of the Corporation; (v) at least annually, reviewing, in conjunction with the Audit Committee, incentive compensation arrangements to confirm they do not encourage inappropriate or unintended risk taking; (vi) making recommendations to the Board regarding the annual salary, bonus, Options, RSUs (as defined herein), PSUs (as defined herein), DSUs (as defined herein), and other benefits, direct and indirect, of the executive officers; (vii) at least annually, reviewing policies in the area of management perquisites; and (viii) overseeing management succession planning and making appropriate recommendations to the Board at least annually regarding the appointment and succession of the Corporation’s executive officers.

### *Managing Compensation-Related Risk*

As part of its annual review of the Corporation’s compensation policies and practices, including the setting of annual corporate performance objectives, the CGN Committee is expected to consider risks associated with such policies and practices. The Board and the CGN Committee are expected to consider and assess, as necessary, risks relating to compensation prior to entering into or amending employment contracts with Named Executive Officers and when setting the compensation of directors. The Board and the CGN Committee intend to establish compensation policies and practices that are appropriate for its industry and stage of business and that such policies and practices do not have associated with them any risks that are reasonably likely to have a material adverse effect on the Corporation or which would encourage a Named Executive Officer to take any inappropriate or excessive risks. The CGN Committee is anticipated to continually review the Corporation’s compensation policies, including its compensation-related risk profile, as necessary, to ensure its compensation policies and practices are not reasonably likely to have a material adverse effect on the Corporation or encourage a Named Executive Officer to take any inappropriate or excessive risks.

### *Research and Benchmarking*

While the CGN Committee has not yet engaged in formal benchmarking with an independent advisory firm for the purpose of establishing the executive compensation program relative to any predetermined level or specified peer group of companies when considering the design of its program, it may do so in the future.



### *Base Salary*

Base salary represents a key component of an executive officer's compensation package as it is the first step in ensuring a competitive structure based on a number of factors, including peer group comparison.

The CGN Committee intends that the base salary for each of the executive officers of the Corporation will be reviewed and established annually, typically during the first quarter of the fiscal year with changes (if any) to be implemented effective December 1. Base salaries are determined according to the particular executive officer's personal performance and seniority, contribution to the business of the Corporation and the size and stage of development of the Corporation. Base salaries may also be reviewed from time to time to ensure comparability with industry norms.

### *Short-Term Compensation Incentives*

The Corporation's compensation program may include a cash bonus program for executives and certain managers within the organization. The cash bonus program will be designed to provide motivation to all participants to achieve near-term objectives aligned with the corporate strategy and to reward them when such objectives are met or exceeded. Annual awards target levels under the cash bonus program may range from one (1) to four (4) months' salary, depending on each individual's position and responsibilities and the CGN Committee will have the ability to apply its discretion to either increase or decrease an award where circumstances warrant.

### *Long-Term Compensation Incentives*

#### Stock Option Plan

Option grants to executive officers are made periodically as the CGN Committee determines appropriate. The number of Options granted is based on each individual's position, responsibility and performance and takes into account the number and terms of Options that have been previously granted to that individual. The Board believes that the grant of Options to the executive officers and share ownership by such executive officers serves to motivate achievement of the Corporation's long-term strategic objectives and helps align the financial interests of the executive officers with the financial interest of shareholders. To summarize, the purpose of the Stock Option Plan is to: (i) incentivize directors, officers, employees and consultants of the Corporation; (ii) encourage directors, officers, employees and consultants to remain with the Corporation; and (iii) attract new directors, officers, employees and consultants to the Corporation.

The Stock Option Plan provides that the maximum number of Common Shares that may be reserved for issuance upon the exercise of all Options granted under the Stock Option Plan shall not exceed, on a rolling basis, 15% of the aggregate number of Common Shares issued and outstanding from time to time LESS the aggregate number of Common Shares then reserved for issuance pursuant to any other share compensation arrangement.

During the year ended August 31, 2024, the Corporation granted 5,650,000 Options on December 27, 2023, with an exercise price of \$0.09 per Common Share, to certain executives, employees and consultants, expiring on December 27, 2028. Additionally, the Corporation granted 6,900,000 Options on July 19, 2024, with an exercise price of \$0.025 per Common Share, to certain executives, employees and consultants, expiring on July 19, 2029.

Since the year ended August 31, 2024, the Corporation granted 1,000,000 Options to consultants on October 31, 2024, with an exercise price of \$0.03 per Common Shares, expiring on October 31, 2027. Additionally, the Corporation granted 1,000,000 Options to Bradley Boland on December 2, 2024, with an exercise price

of \$0.035 per Common Shares, expiring on December 2, 2029, in connection with his appointment as CFO of the Corporation.

The Options granted on July 19, 2024, and all other Options granted after the fiscal year ended August 31, 2024, will vest only upon shareholder approval of the amendments to the Stock Option Plan at the Meeting. Until such approval is obtained, these options remain unvested and cannot be exercised.

As of the date of this Circular, the Corporation has 24,525,000 Options issued and outstanding. The average exercise price of all Options is \$0.092 and, if fully exercised, represent approximately 10.02% of the currently issued and outstanding Common Shares. The Stock Option Plan approved by shareholders provides for the “rolling” grant of Options to purchase up to 15% of the issued and outstanding Common Shares; this is equal to 36,710,798 Options as of the date of this Circular. Since the inception of the Stock Option Plan, the Corporation has not issued any Common Shares as a result of exercise of Options.

The following is a summary of the Stock Option Plan (inclusive of the Material Amendment), which is qualified in its entirety by the full text of the Stock Option Plan and the amendment attached hereto as Schedule “A” of this Circular which can also be found under the Corporation’s SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). Terms not otherwise defined herein are defined according to the meanings given to them in the full text of the Stock Option Plan.

- (a) Eligible Persons. Options may only be issued to: (i) directors, officers, employees and consultants of the Corporation and its subsidiaries, if any, at the time the Option is granted, and includes companies that are wholly owned by the Eligible Persons; and (ii) a Charitable Organization at the time the Option is granted (for purposes of the Stock Option Plan, “**Eligible Persons**”).
- (b) Number of Common Shares Reserved. The aggregate number of Common Shares that may be reserved for issuance, shall not exceed, on a rolling basis, 15% of the outstanding Common Shares at the time of granting of an Option LESS the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. Any Common Shares subject to an Option which has been granted under the Stock Option Plan and which has been surrendered, expired or terminated in accordance with the terms of the Stock Option Plan without having been exercised will again be available under the Stock Option Plan.
- (c) Maximum Term of Options. Every Option granted shall, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.
- (d) Blackout Periods. Options may not be exercised during any Black Out Period with respect to trading in securities of the Corporation by Eligible Persons. Where the Expiry Date for an Option occurs during a Black Out Period or within two (2) business days of a Black Out Period, the Expiry Date will be extended to the date that is ten (10) days following the end of such Black Out Period.
- (e) Exercise Price: The Exercise Price per Common Share for an Option shall not be less than the Market Price for the Corporation’s Common Shares as of the date of grant.
- (f) Administration. The Stock Option Plan is to be administered by the Board, or any duly authorized committee thereof. Subject to the provisions of the Stock Option Plan, the Board shall have the authority: (i) to determine the Eligible Persons to whom Options are granted, to grant such Options and to determine any terms and conditions, limitations and restrictions of any particular Option grant; and (ii) to interpret the terms of the Stock Option Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of the Stock Option

Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Stock Option Plan.

- (g) Reduction of Exercise Price. The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval required by the Exchange. Shareholder Approval is required for a reduction in the Exercise Price of an Option if the Participant is an Insider at the time of the proposed amendment.
- (h) Death of an Optionee. If a Participant dies, Options held by such Participant shall be exercisable by the Participant's legal representative, and will expire on the earlier of: (i) the one-year anniversary of the date of death of the Participant; or (ii) the expiry date of the applicable Options.
- (i) Non-Assignability. Options may not be assigned or transferred, except in limited circumstances including the transfer of Options to a wholly-owned personal holding company or to a registered retirement savings plan established for the sole benefit of such Participant, and for estate planning or estate settlement purposes.
- (j) Amendments. Generally, the Board may, at any time and from time to time, amend the Stock Option Plan without shareholder approval, provided that no such amendment may be made without obtaining any requisite regulatory or Exchange approval or the consent or deemed consent of a Participant, where such amendment materially prejudices the rights of the Participant.
- (k) Amendments Requiring Shareholder Approval. The Board may not, without the prior approval of the shareholders of the Corporation, make any amendment that requires the approval of disinterested shareholders pursuant to Section 10.12(7) of the Cboe Listing Manual, and make amendments to any of the following provisions of the Stock Option Plan: (i) Persons eligible to be granted Options under the Stock Option Plan; (ii) the maximum percentage of shares that may be reserved for issuance pursuant to the exercise of Options; (iii) the method for determining the Exercise Price of Options; (iv) the maximum term of Options; (v) the expiry and termination provisions applicable to Options; (vi) any amendment to remove or to exceed limits on Options available to Related Persons of the Corporation; and (vii) amendments to an amending provision within the Stock Option Plan.

#### Performance and Restricted Share Unit Plan

During the year ended August 31, 2024, the Corporation granted 500,000 restricted share units (“RSUs”) collectively to consultants of the Corporation. The Corporation did not grant any performance share units (“PSUs”) to any of the Corporation's or its subsidiaries' directors, officers, consultants, or employees during the year ended August 31, 2024, as approved by the Board. On August 8, 2024, the Board resolved to approve the vesting of all the outstanding RSUs in the amount equal to 13,100,000 into Common Shares, having determined that all applicable vesting conditions and performance criteria set forth in the respective RSU agreements had been satisfied in accordance with the terms of the Corporation's RSU Plan. As of the date of this Circular, the Corporation has no RSUs or PSUs outstanding.

The following is a summary of the RSU Plan which is qualified in its entirety by the full text of the RSU Plan, attached hereto as Schedule “B” of this Circular which can also be found under the Corporation's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). Terms not otherwise defined herein are defined according to the meanings given to them in the full text of the RSU Plan.

The RSU Plan is designed to: (i) promote a significant alignment between employees, consultants and directors of the Corporation and the growth objectives of the Corporation, (ii) associate a portion of

participating employees, independent contractors, consultants and directors compensation with the performance of the Corporation over the long-term, and (iii) to attract and retain critical personnel to drive the business success of the Corporation.

- (a) Eligible Participants. Grants may be made under the RSU Plan to directors, officers, employees, independent contractors and consultants of the Corporation or any subsidiary as the Board may designate to receive a grant of PSUs or RSUs pursuant to an Award Agreement.
- (b) Maximum Number of Common Shares Issuable from Treasury. The aggregate number of Common Shares that are issuable to pay awards which have been granted and are outstanding under the RSU Plan, together with the Common Shares that are issuable pursuant to outstanding awards or grants under any other Share Compensation Arrangement, shall not at any time exceed 15% of the Common Shares then issued and outstanding, subject to adjustment to give effect to any relevant changes in the capitalization of the Corporation. Common Shares in respect of which Awards have been granted but which are (i) vested and redeemed or (ii) forfeited, surrendered, cancelled or otherwise terminated or expire without the delivery of Common Shares shall be available for subsequent Awards. The number of Common Shares subject to an Award (or portion thereof) that the Corporation permits to be settled in cash in lieu of settlement in Common Shares shall be available for subsequent Awards.
- (c) Participation Limits. Awards shall be limited as follows: (i) the total number of Common Shares reserved for issuance to Insiders (as a group) under the RSU Plan, together with Common Shares reserved for issuance to Insiders under any other Share Compensation Arrangement, shall not at any time exceed 15% of the issued and outstanding Common Shares; and (ii) within any one (1) year period, the aggregate number of Common Shares issued to Insiders (as a group) pursuant to the RSU Plan and any other Share Compensation Arrangement shall not exceed 15% of the issued and outstanding Common Shares.
- (d) No Financial Assistance. The Corporation shall not provide financial assistance to Participants in connection with the RSU Plan.
- (e) Administration. The RSU Plan shall be administered by the Board. The Board may, in its discretion, delegate such of its powers, rights and duties under the RSU Plan, in whole or in part, to any committee of the Board or any one or more directors, officers or employees of the Corporation and/or its Subsidiaries as it may determine from time to time.
- (f) PSUs and RSUs. Each whole PSU and RSU will give a Participant the right to receive either a Common Share or a cash payment, as determined by the Board, in an amount determined in accordance with the terms of the RSU Plan and the applicable Award Agreement. For greater certainty, a Participant shall have no right to receive Common Shares or a cash payment with respect to any PSUs or RSUs that do not become Vested PSUs or Vested RSUs.
- (g) Dividend Equivalent Units. When and if cash dividends are paid on the Common Shares during the period from the Award Date under the Award Agreement to the date of settlement of the PSUs or RSUs granted thereunder, additional PSUs or RSUs, as applicable, will be credited to the Participant's Account (i.e., Dividend Equivalent Units) in accordance with the terms of the RSU Plan. Dividend Equivalent Units shall be subject to the same Vesting conditions and shall Vest and be paid at the same time as the PSUs or RSUs, as applicable, to which they relate.
- (h) Payment in Common Shares. In the event that a Participant's Vested PSUs or Vested RSUs have been designated by the Board for settlement in Common Shares issued from treasury, the Participant or his legal representative, as applicable, shall receive a number of Common Shares equal to the number of

Vested PSUs or Vested RSUs, as the case may be, credited to the Participant's Account (rounded down to the nearest whole number of Common Shares). Subject to the terms of the Award Agreement, such Common Shares shall be distributed to the Participant or his legal representative, as applicable, as soon as practicable following the applicable Vesting Date but in no event shall the payment to a Participant who is an employee for the purposes of the *Income Tax Act* (Canada) be made later than December 31 of the third calendar year following the year in which the services giving rise to the award of PSUs or RSUs were rendered.

- (i) Payment in Cash. In the event that a Participant's Vested PSUs or Vested RSUs have not been designated by the Board for settlement in Common Shares issued from treasury, the Participant or his legal representative, as applicable, shall receive a cash payment equal to: (i) in the case of PSUs, the Market Value determined as of the last day of the Performance Period multiplied by the number of Vested PSUs credited to his PSU Account as of the last day of such Performance Period, (rounded down to the nearest whole number of PSUs); and (ii) in the case of RSUs, the Market Value determined as of the Vesting Date of such RSUs multiplied by the number of Vested RSUs credited to his Account as of the Vesting Date (rounded down to the nearest whole number of RSUs). Subject to the terms of the Award Agreement, the cash payment shall be made to the Participant or his legal representative, as applicable, in a single lump sum as soon as practicable following the applicable Vesting Date but in no event shall the payment to a Participant who is an employee for the purposes of the *Income Tax Act* (Canada) be made later than December 31 of the third calendar year following the year in which the services giving rise to the award of PSUs or RSUs were rendered.
- (j) Change in Control. Subject to the terms of the relevant Award Agreement or any employment agreement or any consulting or services agreement between the Participant and the Corporation or any Subsidiary, in the event of a Change in Control, all PSUs and RSUs credited to the account of the Participant as at the date of the Change in Control, will become Vested PSUs and RSUs on a one-for-one basis on the date of Change in Control, unless otherwise determined by the Board. As soon as practical following the Change in Control, the Participant, at the discretion of the Board, will receive a payment in cash or in Common Shares equal to the number of Vested RSUs or PSUs, as applicable, multiplied by the price at which the Common Shares are valued for the purposes of the transactions giving rise to the Change in Control.
- (k) Non-Assignability. The assignment or transfer of the PSUs or RSUs, or any other benefits under the RSU Plan, shall not be permitted, other than by operation of law or normal estate settlement purposes.
- (l) Amendment, Termination. The Plan may be amended or terminated at any time by the Board in whole or in part, provided that: (i) no amendment of the RSU Plan shall, without the consent of the Participants affected by the amendment, or unless required by Applicable Law, adversely affect the rights accrued to such Participants with respect to PSUs or RSUs granted prior to the date of the amendment; (ii) no amendment of the RSU Plan shall be effective unless such amendment is approved by the Stock Exchange whose approval is required under Stock Exchange Rules; and (iii) approval by a majority of the votes cast by shareholders present and voting in person or by proxy at a meeting of shareholders of the Corporation shall be obtained for any: (a) amendment for which, under the requirements of the Stock Exchange or any applicable law, shareholder approval is required; (b) a reduction in pricing of an award under the RSU Plan (other than an adjustment pursuant to Section 5.3) or the cancellation and reissuance of awards under the RSU Plan; (c) extension of the term of an award under the RSU Plan beyond the original expiry date of the award; (iii) any amendment to remove or exceed the Insider participation limits set out in Sections 6.3.1 or 6.3.2; (d) an increase to the maximum number of Common Shares which may be issuable under the RSU Plan, other than an adjustment pursuant to Section 5.3; and (e) amendment to Section 10.7 of the RSU Plan.

## Directors' Deferred Share Unit Plan

During the year ended August 31, 2024, the Corporation granted no deferred share units (“**DSUs**”) to any of the Corporation’s directors who were eligible to participate (each, a “**Participant**”) in the DSU Plan. As of the date of this Circular, the Corporation has no DSUs outstanding.

The following is a summary of the directors’ DSU Plan which is qualified in its entirety by the full text of the DSU Plan which is available for review in Schedule “C” of this Circular which can also be found under the Corporation’s SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). Terms not otherwise defined herein are defined according to the meanings given to them in the full text of the DSU Plan.

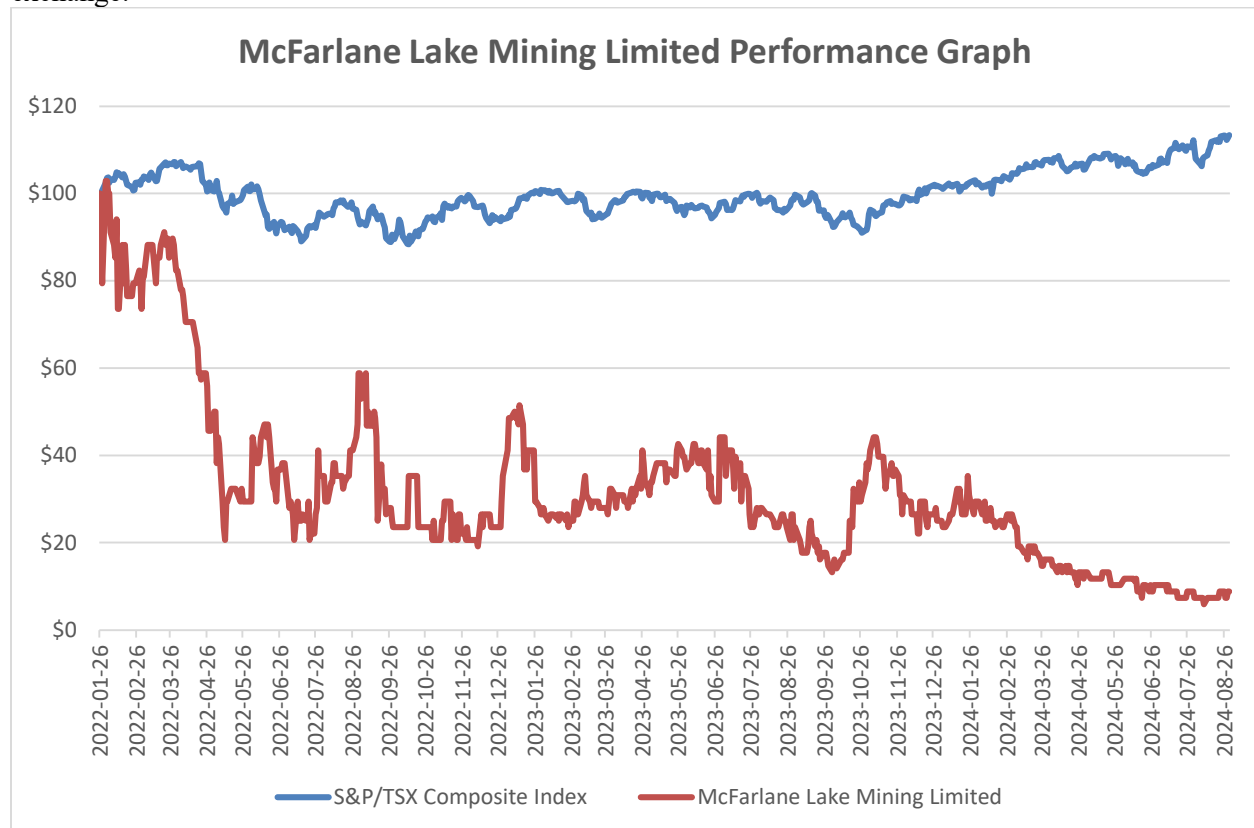
- (a) Eligible Participants. The following persons are Participants: (i) every person who is a Director as of January 14, 2022 (the “**Effective Date**”), shall become a Participant as of that date; (ii) every person who becomes a Director after the Effective Date through election at an Annual Meeting, or who is appointed or elected as a Director other than at an Annual Meeting; and (iii) every person who is re-elected as a Director at an Annual Meeting and who immediately prior to such re-election was a Participant shall continue to be a Participant. A person ceases to be a Participant at such time as such person ceases to be a Director.
- (b) Administration. The Administrator(s) of the DSU Plan shall be the Board or the Board may, in its discretion, delegate such of its powers, rights and duties under the DSU Plan, in whole or in part, to the Compensation Committee or any one or more directors, officers or employees of the Corporation and/or its subsidiaries as the Board may determine from time to time.
- (c) Redemption upon Ceasing to be a Director. When a Participant ceases to be a Director for any reason other than death, each DSU held by the Participant that has vested in accordance with the terms of such DSU will be eligible for redemption for: (i) a period of up to ninety (90) days after the date such Participant ceases to be a Director; or (ii) such other “reasonable” period as may be determined by the Administrator(s) at the time such DSUs are granted, which reasonable period cannot be less than ninety (90) days without the agreement of the Participant and cannot be later than December 1st of the calendar year following the year in which the Participant ceased to be a Director (the “**Redemption Period**”). During the Redemption Period, the Participant may redeem all or any part of his or her vested DSUs on one or more occasions by providing notice in writing to the Corporation.
- (d) Redemption upon Death. When a Participant ceases to be a Director due to his or her death, notice may be delivered by the Beneficiary. The value of the Participant’s vested DSUs shall be determined as of the Redemption Date and shall be payable to the Beneficiary, net of any applicable withholdings, as soon as practicable after the Redemption Date.
- (e) Valuation. For purposes of determining the value of DSUs for payment to a Participant or where the Participant has died, his or her Beneficiary, in each case, the Participant or Beneficiary shall receive a payment in cash, net of any applicable withholdings, equal to the Fair Market Value of a Common Share multiplied by the number of vested DSUs (including the value of any fractional DSUs) credited to a Participant’s DSU Account. The Fair Market Value of a Common Share for such calculation will be determined as of the Redemption Date.
- (f) Change of Control. In the event of a Change of Control, all DSUs that have been granted shall be deemed to be vested as of the date of the Change of Control.
- (g) Non-Transferability. DSUs granted under the DSU Plan are non-transferable and no assignment, encumbrance or transfer thereof, whether voluntary, involuntary, by operation of law or otherwise, shall

vest any interest or right in such DSUs whatsoever in any assignee or transferee, but immediately upon any purported assignment or transfer, such DSUs shall terminate and be of no further effect. Notwithstanding the foregoing, DSUs may pass to a Beneficiary on death.

- (h) Amendment. Subject to receipt of any necessary regulatory or other approval, the Administrator(s) may, at any time or from time to time, amend the DSU Plan or any provisions thereof in such respects as it, in its sole discretion, may determine appropriate; provided, however, that no amendment of the DSU Plan shall, without the written consent of any Participant or the Participant’s Beneficiary, as applicable, alter or impair any rights or obligations arising from any DSUs held by a Participant under the DSU Plan; and provided further that no alteration pursuant to the DSU Plan shall be made to the terms of the DSUs or the DSU Plan which would disqualify the DSU Plan and an entitlement to DSUs thereunder from being a prescribed plan for the purposes of the definition of “salary deferral arrangement” pursuant to the *Income Tax Act* (Canada) and the regulations thereunder.

### Performance Graph

The following graph compares the total cumulative shareholder return for a \$100 investment in the Common Shares of the Corporation with the cumulative shareholder return of the S&P/TSX Composite for the period commencing on January 26, 2022 to August 31, 2024. On January 26, 2022, the Common Shares began trading on Cboe. Prior to that time, the Corporation did not have any securities listed on a stock exchange.



As described above, the CGN Committee considers various factors in determining the compensation of the Named Executive Officers and Common Share performance is one measure that will be reviewed and taken into consideration with respect to executive compensation.

The Corporation's compensation policies currently provide a significant portion of each senior executive's compensation package will be in the form of stock option compensation. The Options are intended to be competitive and forward looking; they are not granted to reflect or reward prior year performance.

The Corporation operates in a commodity business and the Common Share price can be directly impacted by the market prices of the metals that it produces, which fluctuate widely and are affected by numerous factors that are difficult to predict and beyond the Corporation's control. The Common Share price is also affected by other factors beyond the Corporation's control, including general and industry-specific economic and market conditions. The CGN Committee evaluates financial performance by reference to the Corporation's operating performance rather than short-term changes in Common Share price based on its view that the Corporation's long-term operating performance will be reflected by stock price performance over the long-term, which is especially important when the current stock price may be temporarily depressed by short-term factors, such as recessionary economies and operating markets or temporarily increased due to market conditions or events. The movement in Common Share price of the Corporation is not considered wholly representative of actions taken with respect to executive compensation.

### Summary Compensation Table

The Corporation was incorporated under the *Business Corporations Act* (British Columbia) on February 3, 2021, and subsequently continued under the Act on January 26, 2022. Consequently, the Corporation has completed four (4) fiscal years (the periods ending August 31, 2021, August 31, 2022, August 31, 2023 and August 31, 2024) since the date of incorporation. The following table sets out information concerning the compensation earned by each Named Executive Officer from the Corporation and any of the Corporation's subsidiaries during each of the last three fiscal years ended August 31, 2024, August 31, 2023 and August 31, 2022, respectively:

Name and principal position <sup>(1)</sup>	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) <sup>(3)</sup>	Total (\$) <sup>(4)</sup>
					Annual incentive plans	Long-term incentive plans			
Mark Trevisiol Chief Executive Officer & Director	2024	-	-	115,000	-	-	-	96,000	211,000
	2023	-	367,500	15,000	-	-	-	96,000	478,500
	2022	-	-	33,408	-	-	-	94,000	127,408
Charles Lilly <sup>(5)</sup> Former Chief	2024	-	-	58,000	-	-	-	48,000	106,000
	2023	-	-	60,000	-	-	-	48,000	108,000



Name and principal position <sup>(1)</sup>	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) <sup>(3)</sup>	Total (\$) <sup>(4)</sup>
					Annual incentive plans	Long-term incentive plans			
Financial Officer & Former Director	2022	-	-	13,363	-	-	-	47,000	60,363
<b>Roger Emdin</b> Chief Operating Officer & Director	2024	-	-	90,000	-	-	-	135,000	225,000
	2023	-	-	30,000	-	-	-	180,000	210,000
	2022	-	-	86,860	-	-	-	166,250	253,110
<b>Robert Kusins<sup>(6)</sup></b> Vice President of Geology	2024	-	-	40,000	-	-	-	139,000	179,000
	2023	-	-	30,000	-	-	-	180,000	210,000
	2022	-	-	33,408	-	-	-	180,000	213,408
<b>Bradley Boland</b> Chief Financial Officer & Secretary <sup>(7)</sup>	2024	-	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-

Notes:

- (1) Except for Bradley Boland who was appointed on November 29, 2024, each Named Executive Officer was appointed on January 14, 2022 upon completion of the reverse takeover (the “**Reverse Takeover**”).
- (2) The option-based award sets out the Black-Scholes value of the Options granted in the respective year. The values have been calculated using the same basis as those disclosed in the Annual Financial Statements. All Options granted on July 19, 2024 or December 2, 2024, shall vest only upon shareholder approval of the amendments to the Stock Option Plan.
- (3) Other compensation consists of consulting fees paid to Named Executive Officers.
- (4) Total compensation from the 2024 fiscal year reflects compensation earned in connection with each Named Executive Officer’s position as Named Executive Officer of the Corporation from September 1, 2024 to August 31, 2024, and as officer of the Corporation’s subsidiary from September 1, 2021 to January 14, 2022.
- (5) Charles Lilly formerly served as Chief Financial Officer and Director of the Corporation until his resignation on November 29, 2024.
- (6) Robert Kusins served as Vice President of Geology of the Corporation until his resignation on May 31, 2024.
- (7) Bradley Boland was appointed as Chief Financial Officer and Secretary of the Corporation on November 29, 2024.

In addition to a base salary, the Named Executive Officers are reimbursed by the Corporation for reasonable out-of-pocket expenses incurred in connection with their engagement with the Corporation.

### Incentive Plan Awards

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

The following table sets out, for each Named Executive Officer, information concerning all option-based and share-based awards outstanding as of August 31, 2024.

Name	Option-based Awards					Share-based Awards	
	Number of securities underlying unexercised options <sup>(1)(2)</sup> (#)	Option exercise price, grant date and expiration date (\$)	Option grant date	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of vested share-based awards not paid out or distributed (\$)
<b>Mark Trevisiol</b> Chief Executive Officer	2,000,000	\$0.10	May 31, 2021	May 31, 2026	8,750	-	-
	125,000	\$0.40	January 25, 2022	January 25, 2027			
	1,000,000	\$0.09	December 27, 2023	December 27, 2028			
	1,750,000	\$0.025	July 19, 2024	July 19, 2029			
<b>Charles Lilly<sup>(3)</sup></b> Former Chief Financial Officer & Former Director	1,000,000	\$0.10	May 31, 2021	May 31, 2026	2,500	-	-
	125,000	\$0.40	January 25, 2022	January 25, 2027			
	500,000	\$0.12	October 14, 2022	October 14, 2027			
	600,000	\$0.09	December 27, 2023	December 27, 2028			
	500,000	\$0.025	July 19, 2024	July 19, 2029			

Name	Option-based Awards					Share-based Awards	
	Number of securities underlying unexercised options <sup>(1)(2)</sup> (#)	Option exercise price, grant date and expiration date (\$)	Option grant date	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of vested share-based awards not paid out or distributed (\$)
<b>Roger Emdin</b> Chief Operating Officer & Director	1,000,000	\$0.10	May 31, 2021	May 31, 2026	2,500	-	-
	125,000	\$0.40	January 25, 2022	January 25, 2027			
	250,000	\$0.12	October 14, 2022	October 14, 2027			
	1,000,000	\$0.09	December 27, 2023	December 27, 2028			
	500,000	\$0.025	July 19, 2024	July 19, 2029			
<b>Robert Kusins</b> Vice President of Geology	500,000	\$0.10	May 31, 2021	May 31, 2026	-	-	-
	50,000	\$0.40	January 25, 2022	January 25, 2027			
	250,000	\$0.12	October 14, 2022	October 14, 2027			
	750,000	\$0.09	December 27, 2023	December 27, 2028			
<b>Bradley Boland<sup>(4)</sup></b> Chief Financial Officer & Secretary	-	-	-	-	-	-	-

Notes:

- (1) The closing price of the Common Shares on Cboe on August 30, 2024, being the last day trading day of fiscal 2024, was \$0.03 per Common Share.
- (2) Other than Options granted on July 19, 2024 or December 2, 2024, that shall vest only upon shareholder approval of the amendments to the Stock Option Plan, all Options vest immediately upon the date of grant.
- (3) Charles Lilly formerly served as Chief Financial Officer and Director of the Corporation until his resignation on November 29, 2024.
- (4) Bradley Boland was appointed as Chief Financial Officer and Secretary of the Corporation on November 29, 2024.

### *Value Vested or Earned During the Year*

The following table sets out, for each Named Executive Officer, the value vested or earned during the year ended August 31, 2024, for incentive plan awards.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$) <sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year (\$) <sup>(2)</sup></b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(2)</sup></b>
<b>Mark Trevisiol</b> Chief Executive Officer	-	75,250	-
<b>Charles Lilly</b> Former Chief Financial Officer & Former Director	-	-	-
<b>Roger Emdin</b> Chief Operating Officer & Director	-	-	-
<b>Robert Kusins</b> VP of Geology	-	-	-
<b>Bradley Boland</b> Chief Financial Officer & Secretary	-	-	-

Notes:

- (1) On July 2, 2024, Options were conditionally granted to each of the Named Executive Officers listed in the table but are subject to the Stock Option Plan Resolution. Until the Stock Option Plan Resolution is passed at the Meeting, the Options will not vest, and no value can be ascribed. These awards will be deemed to vest on March 3, 2024, upon receiving the requisite approval from the shareholders at the Meeting.
- (2) The value of the RSUs is calculated by multiplying the total number of RSUs granted by the market value of \$0.0215 per Common Share as calculated in accordance with the RSU Plan on the vesting date.

### **Pension Plan Benefits**

The Corporation does not currently provide retirement or pension benefits for directors and executive officers.

### **Termination and Change of Control Benefits**

On January 4, 2022, the Corporation entered into consulting agreements with the CEO, CFO and the Chief Operating Officer (the “**Consultants**”) at combined consulting fees of \$27,000 per month (the “**2022 Consulting Agreements**”). The combined consulting fee owed under the 2022 Consulting Agreements was later reduced after the Chief Operating Officer lowered his fee from \$15,000 per month to \$5,000 per month. As such, the combined consulting fees owed under the 2022 Consulting Agreements was approximately \$17,000. On November 29, 2024, the former CFO, Charles Lilly, resigned from his position and the Corporation entered into another consulting agreement with Bradley Boland appointing him as the new CFO (the “**Boland Consulting Agreement**” and together with the 2022 Consulting Agreements, the “**Consulting Agreements**”).

The Consulting Agreements may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any fees whatsoever either by way of anticipated earnings or damages of any kind by advising the Consultants in writing. Just cause is defined to include, but is not limited to the following: dishonesty or fraud, theft, breach of fiduciary duties, being guilty of bribery or attempted bribery or gross mismanagement.

The Corporation is committed to payments upon termination without cause of approximately \$420,000 pursuant to the terms of the Consulting Agreements. The Consultants may terminate the Consulting Agreements on sixty (60) days written notice to the Corporation.

The Consulting Agreements require payment of approximately \$1,000,000 upon the occurrence of a Change of Control (as herein defined) of the Corporation. A Change of Control is defined in the Consulting Agreements as the acquisition by any person of: (i) shares or rights or options to acquire shares of the Corporation or securities which are convertible into shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation; (ii) shares or rights or options to acquire shares, or their equivalent, of any material subsidiary of the Corporation or securities which are convertible into shares of the material subsidiary or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the material subsidiary; or (iii) more than 50% of the material assets of the Corporation, including the acquisition of more than 50% of the material assets of any material subsidiary of the Corporation.

### Director Compensation

During the fiscal year ended August 31, 2024, no retainers were paid to directors of the Corporation.

During the Corporation's most recently completed fiscal year, no directors received compensation for services provided to the Corporation in their capacities as directors, consultants or experts, except for security based compensation as disclosed below.

#### *Director Compensation Table*

The following table sets out all amounts of compensation provided to each director (who was not a Named Executive Officer) for the Corporation's most recently completed financial year ended August 31, 2024.

Name	Fees earned (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) <sup>(3)</sup>	Total (\$)
<b>Amanda Fullerton</b>	-	-	50,000	-	-	6,750	56,750
<b>Fergus Kerr</b>	-	-	54,000	-	-	5,250	59,250
<b>Perry N. Dellece</b>	-	75,250	67,000	-	-	3,000	155,250
<b>Deborah Battiston</b>	-	-	50,000	-	-	6,000	56,000

Name	Fees earned (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) <sup>(3)</sup>	Total (\$)
<b>Dario Zulich</b>	-	-	46,000	-	-	2,250	48,250

Notes:

- (1) The value of the RSUs is calculated by multiplying the total number of RSUs granted by the market value of \$0.0215 per Common Share as calculated in accordance with the RSU Plan on the vesting date.
- (2) The option-based award sets out the Black-Scholes value of the Options granted in the respective year. The values have been calculated using the same basis as those disclosed in the Annual Financial Statements for the year ended August 31, 2024. The option-based awards vested immediately on the date of grant.
- (3) Other compensation consists of fees paid to certain directors of the Board who were not Named Executive Officers for board meeting attendance.

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

The following table sets out for each Director (who was not a Named Executive Officer), information concerning all option-based and share-based awards outstanding as of August 31, 2024.

Name <sup>(1)</sup>	Option-based Awards <sup>(2)</sup>				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(4)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
<i>Directors as of August 31, 2024</i>							
<b>Amanda Fullerton</b>	325,000	\$0.40	January 25, 2027	2,500	-	-	-
	300,000	\$0.12	October 14, 2027				
	500,000	\$0.09	December 27, 2028				
	500,000	\$0.025	July 19, 2029				
<b>Fergus Kerr</b>	300,000	\$0.40	January 25, 2027	3,500	-	-	-

Name <sup>(1)</sup>	Option-based Awards <sup>(2)</sup>				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(4)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
<i>Directors as of August 31, 2024</i>							
	300,000	\$0.12	October 14, 2027				
	500,000	\$0.09	December 27, 2028				
	700,000	\$0.025	July 19, 2029				
<b>Dario Zulich</b>	325,000	\$0.12	May 8, 2028	3,500	-	-	-
	400,000	\$0.09	December 27, 2028				
	700,000	\$0.025	July 19, 2024				
<b>Deborah Battiston</b>	325,000	\$0.16	January 13, 2028	2,500	-	-	-
	500,000	\$0.09	December 27, 2028				
	500,000	\$0.025	July 19, 2029				
<b>Perry N. Dellece<sup>(3)</sup></b>	1,000,000	\$0.10	May 31, 2026	8,750	-	-	-
	125,000	\$0.40	January 25, 2027				
	300,000	\$0.12	October 14, 2027				
	400,000	\$0.09	December 27, 2028				
	1,750,000	\$0.025	July 29, 2029				

Notes:

- (1) Each of the listed names, except Deborah Battiston who became a Director on January 16, 2023 and Dario Zulich who became a director on May 8, 2023, became directors of the Corporation on January 14, 2022, upon the completion of the Reverse Takeover transaction.

- (2) Other than Options granted on July 19, 2024, that shall vest only upon shareholder approval of the amendments to the Stock Option Plan, all Options vest immediately upon the date of grant.
- (3) Perry N. Dellelce served as director of the Corporation’s subsidiary prior to the completion of the Reverse Takeover transaction completed on January 14, 2022.

*Value Vested or Earned During the Year*

The following table sets out, for each director (who was not a Named Executive Officer) the value vested or earned during the year ended August 31, 2024 for incentive plan awards.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$) <sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year (\$) <sup>(2)</sup></b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
<b>Amanda Fullerton</b>	-	-	-
<b>Fergus Kerr</b>	-	-	-
<b>Dario Zulich</b>	-	-	-
<b>Deborah Battiston</b>	-	-	-
<b>Perry N. Dellelce</b>	-	72,250	-

Notes:

- (1) On July 2, 2024, Options were conditionally granted to each of the Named Executive Officers listed in the table but are subject to the Stock Option Plan Resolution. Until the Stock Option Plan Resolution is passed at the Meeting, the Options will not vest, and no value can be ascribed. These awards will be deemed to vest on March 3, 2024, upon receiving the requisite approval from the shareholders at the Meeting.
- (2) The value of the RSUs is calculated by multiplying the total number of RSUs granted by the market value of \$0.0215 per Common Share as calculated in accordance with the RSU Plan on the vesting date.

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

The Corporation has implemented the Stock Option Plan, RSU Plan and DSU Plan described in more detail under the heading entitled “Statement of Executive Compensation – *Long-Term Compensation Initiatives*” above. The following table sets out additional information only with respect to the Stock Option Plan and the RSU Plan as of August 31, 2024, as no other grants have been made under the DSU Plan at this time.



Name and Position	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	(b) Weighted-average exercise price of outstanding options, warrants and rights (\$)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding security reflected in column (a)) (#)
Equity Compensation Plans Approved by Shareholders	24,525,000 <sup>(1)</sup>	0.92	12,185,798 <sup>(2)</sup>
Equity Compensation Plans Not Approved by Shareholders	N/A	N/A	N/A
<b>Total</b>	24,525,000	0.92	12,185,798

Notes:

- (1) As further described under the heading entitled, “Statement of Executive Compensation – *Long-Term Compensation Initiatives*”, the Corporation has 24,525,000 Options outstanding as of the date of the Circular.
- (2) The number in column (c) is calculated using the issued and outstanding Common Shares as of August 31, 2024, being 244,738,654.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

### Aggregate Indebtedness

Other than as set out under the next heading entitled, “Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs”, as of the date hereof and during the fiscal period ended August 31, 2024, there was no indebtedness owing to the Corporation or to its subsidiary by any current or former executive officers, directors or employees of the Corporation.

### Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

As of the date hereof, each of Perry N. Dellelce and Mark Trevisiol each owe to the Corporation an amount equal to approximately \$41,000 (the “**Director Indebtedness**”). The Director Indebtedness is with respect to certain withholdings that were paid by the Corporation on each of Perry N. Dellelce and Mark Trevisiol behalf on the exercise of RSUs in August 2024. As of November 30, 2024, Perry N. Dellelce owed to the Corporation approximately \$41,282 and Mark Trevisiol owed to the Corporation approximately \$41,135.

As of August 31, 2024, the Corporation owed to 1039593 Ontario Inc., (a company controlled by Mark Trevisiol) an amount of \$88,731. This represents principal and interest on a payable note due to 1039593 Ontario Inc.

Other than the indebtedness set out above, as of the date hereof and during the fiscal period ended August 31, 2024, there was no other indebtedness owing to the Corporation in connection with the purchase of securities or other programs by any current or former officers, directors, or employees of the Corporation.

Since the beginning of the Corporation's last completed fiscal year, no director or officer of the Corporation, proposed management nominee for election as a director of the Corporation or any associate or affiliate of any such director, officer or proposed nominee is or has been indebted to the Corporation or any of its subsidiaries or is or has been indebted to another entity where such indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than routine indebtedness.

## **AUDITORS**

The external auditor of the Corporation is McGovern Hurley LLP, Chartered Professional Accountants, of Toronto, Ontario. McGovern Hurley LLP has served as the Corporation's Auditors since January 2022.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person (as such term is defined under applicable securities laws), proposed nominee for election as a director of the Corporation or any associate or affiliate of any informed person or proposed nominee has or had a material interest, direct or indirect, in any transaction since the beginning of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

Management functions of the Corporation are substantially performed by senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## **DISCLOSURES RELATING TO CORPORATE GOVERNANCE PRACTICES**

National Instrument 58-101 – *Disclosure of Corporate Governance* of the Canadian Securities Administrators (the "CSA") requires the Corporation to disclose, on an annual basis, its approach to corporate governance with reference to the corporate governance guidelines provided in National Policy 58-201 of the CSA ("NP 58-201"). NI 58-101 and NP 58-201 came into force on June 30, 2005. They operate in conjunction with National Instrument 52-110 - *Audit Committees* ("NI 52-110") of the CSA. The Corporation's disclosure pursuant to NI 58-101, not otherwise disclosed herein, is set out in this section.

### ***Board of Directors***

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is defined as a relationship, which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment.

The Board currently has seven (7) members, a majority of whom are independent under NI 58-101, as set forth under "Business of the Meeting - Item 3 – *Election of Directors*" of this Circular. As executives of the Corporation, Mark Trevisiol and Roger Emdin are the Corporation's non-independent directors. Management is nominating seven (7) directors for election at the Meeting, of which five (5) directors would be independent, namely Amanda Fullerton, Deborah Battiston, Fergus Kerr, Dario Zulich and Perry N. Dellelce. The Chair of the Board, as also occupying the position of CEO, is currently not an independent director for the purposes of NI 58-101; however, the Board has appointed Amanda Fullerton, who is independent for the purposes of NI 58-101, to act as lead director. The Board has implemented a mandate (the "**Mandate**"), pursuant to which the Board will appoint a lead director in circumstances in which the Chair of the Board is not considered independent in order to provide independent leadership to the Board and facilitate the functioning of the Board independently of the senior officers and the Chair. The lead

director's responsibilities include, but are not limited to: (i) acting as the chair of meetings of the Board, in the absence of the Chair of the Board; (ii) reviewing with the Chair of the Board matters for presentation to the Board; (iii) consulting and meeting with any or all of the other independent directors, at the request of any of them and with or without the attendance of the Chair of the Board, and representing such directors in discussions with the senior officers and Chair of the Board concerning corporate governance and other matters; (iv) mentoring and counselling new members of the Board to assist them in becoming active and effective directors; and (v) facilitating the process of conducting any director evaluations.

The responsibilities of the Board and management to act with due care in the best interests of the Corporation are well defined by law and both management and the Board recognize their respective duties and obligations. The independent Directors occasionally meet in the absence of non-independent directors and members of management, and at each Board meeting there is the possibility to do so. The Board anticipates that such meetings can and will continue to be held in the future, either formally or informally.

Corporate objectives are reviewed by the Board from time to time throughout the year. The Board has the mandate to set the strategic direction of the Corporation and to oversee its implementation by management of the Corporation. To assist it in fulfilling this responsibility, the Board has specifically recognized its responsibility for several areas, including:

- (a) reviewing and approving the Corporation's strategic, business and capital plans;
- (b) reviewing and approving material proposed expenditures;
- (c) reviewing and approving significant operational and financial matters; and
- (d) providing direction to management on these matters.

Decisions regarding the ongoing day-to-day management are made by management of the Corporation. The Board meets regularly to review the business operations and financial statements of the Corporation and also discharges, in part, its responsibility through the Audit Committee and the CGN Committee. The frequency of the meetings of the Board, as well as the nature of agenda items, change depending upon the state of the Corporation's affairs and in light of opportunities that arise or risks which the Corporation faces. The Corporation holds a minimum of three (3) meetings of the Board in each fiscal year. When business requires that a Board meeting cannot be called within a reasonable time, decisions are made by written resolution signed by all the directors.

The Board participates fully in assessing and approving strategic plans and prospective decisions proposed by management. In order to ensure that the principal business risks borne by the Corporation are appropriate, the directors receive and comment on periodic reports from management as to the Corporation's assessment and management of such risks. The Board regularly monitors the financial performance of the Corporation, including receiving and reviewing periodic management reports. The Board, directly and through its Audit Committee, assesses the integrity of the Corporation's internal control and management information systems.

Certain of the directors of the Corporation are also directors of other reporting issuers in a Canadian jurisdiction (or the equivalent in a foreign jurisdiction). All directorships with other reporting issuers in a Canadian jurisdiction (or the equivalent in a foreign jurisdiction) are set forth under "Business of the Meeting - Item 3 – *Election of Directors*" of this Circular.

During the fiscal year ended August 31, 2024, the Board held four (4) meetings. Other decisions of the Board were executed through written resolutions, as and when required. The attendance record for all meetings held since the beginning of the Corporation's most recently completed fiscal year for each director nominated for re-election is set forth in the Circular under the section entitled, "Business of the Meeting – Item 3 – *Election of Directors*."

The Mandate requires that each member of the Board attend (absent extenuating circumstances) at least 75% of all scheduled meetings of the Board.

### ***Board Mandate***

The Board is responsible for the stewardship of the Corporation and for the supervision of the management of the business and affairs of the Corporation. Pursuant to the Mandate, the Board's responsibilities include, but are not limited to: (i) appointing, and replacing, senior officers of the Corporation; (ii) satisfying itself as to the integrity of the CEO, the CFO and the other security officers; (iii) considering annually what additional skills and competencies would be helpful to the Board; (iv) reviewing the compensation of directors; (v) reviewing the financial performance of the Corporation; (vi) reviewing and approving the quarterly and annual financial statements, management discussion and analysis, press releases annual information forms, management information circular(s) and the annual report; (vii) considering, and if established, reviewing from time to time, the dividend policy for the Corporation; (viii) overseeing the Corporation's continuous disclosure program; (ix) evaluating the relevant relationships of each independent director with the Corporation; and (x) ensuring the establishment of appropriate standards of corporate conduct.

A copy of the Mandate is available on the Corporation's website at <https://mcfaranelakemining.com/>.

### ***Position Descriptions***

In order to delineate the roles and responsibilities of the Chair of the Board and the CEO, the Board has adopted written position descriptions for each of these positions. The primary function of the Chair of the Board is to facilitate the operations and deliberations of the Board and the satisfaction of the Board's functions and responsibilities under its Mandate. The Chair of the Board's responsibilities in respect of Board management include, but are not limited to: (i) chairing Board meetings and all shareholder general meetings; (ii) establishing the frequency of Board meetings and reviewing such frequency from time to time; (iii) providing input to the CGN Committee on its recommendation to the Board for approval of: (a) candidates for nomination or appointment to the Board; and (b) members and chairs of Board committees; (iv) assessing on an ongoing basis whether the Board and its committees have appropriate administrative support, access to senior management and access to outside advisors for the purposes of the Board fulfilling its mandate; and (v) creating on an ongoing basis opportunity for the Board to review and provide feedback on the Corporation's response to material regulatory recommendations and requests. The Chair of the Board also has responsibilities in respect of advisory matters relating to the CEO including, but are not limited to: (i) providing input to the CGN Committee in respect of the appointment, removal, evaluation, compensation and succession, as applicable, of the CEO; (ii) acting as a resource to the CEO on material matters concerning the Corporation; and (iii) at least annually, ensuring the Board reviews management's strategic planning initiatives.

The Board has not developed written position descriptions for the Chair of each of the Audit Committee (Deborah Battiston) and the CGN Committee (Amanda Fullerton); however, each of these Board committees has a written mandate which governs the committee's responsibilities and activities. In addition, the written mandate of the CGN Committee specifies that the Chair of the CGN Committee is responsible for establishing or causing to be established the agenda for each Board meeting and for ensuring that regular minutes of Board proceedings are kept and circulated on a timely basis for review and approval.

The Board has not developed a written position description for the CEO, but the Board considers the CEO to be primarily responsible for the day-to-day management of the affairs of the Corporation. The general responsibilities of the CEO are set out in the CEO's Consulting Agreement (as defined herein). In addition,

the Board is responsible for satisfying itself as to the integrity of the CEO, and the CGN Committee undertakes, at least annually, to evaluate the CEO's performance in light of corporate goals and objectives relevant to the CEO's compensation. The Board may consider whether to adopt a formal position description for the CEO in the near future.

### ***Orientation and Continuing Education***

While the Corporation has not established a formal orientation and education program for new members of the Board, the Corporation is committed to providing such information so as to ensure that the new directors are familiar with the Corporation's business and the procedures of the Board. Information may include the Corporation's corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures. The CGN Committee ensures that every director possesses the capabilities, expertise, availability and knowledge required to fill their position adequately. From time to time, the Corporation arranges on-site tours of its operations.

The CGN Committee ensures that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors). All new directors are expected to understand the nature and operation of the business.

### ***Ethical Business Conduct***

As a responsible business and corporate citizen, the Corporation is committed to conducting its affairs with integrity, honesty, fairness and professionalism. In order to encourage and promote a culture of ethical business conduct, the Board has developed a Code of Business Conduct and Ethics (the "**Code**"), which all employees, directors, officers, consultants, contractors, trainees, seconded staff, home workers, casual workers, volunteers, interns, agents, sponsors or any other person or persons working for the Corporation (collectively, "**Personnel**") are expected to meet in the performance of their responsibilities. The Code provides a framework for ethical behavior based on the Mandate, and on applicable laws and regulations.

The Board monitors compliance with the Code. Each director, officer and employee of the Corporation is provided with a copy of the Code and is required to periodically review the Code and sign an acknowledgement in the form of a Statement of Compliance.

The Code applies at all levels of the organization, from major decisions to day-to-day transactions. The Code delineates the standards governing the relations between the Corporation and shareholders, customers, suppliers and competitors respectively. Within this framework, Personnel are expected to exercise good judgement and be accountable for their actions.

The Board receives reports on compliance with the Code. The Board has not granted any waiver of the Code in favour of any directors, officers or employees since the Code was adopted by the Board. Accordingly, no material change report has been required or filed.

From time to time, matters may be put before the Board where a member has a conflict of interest. When such matters arise, that director declares him or herself as having a conflict of interest and will abstain from participating in the discussions and any vote on that matter. Transactions and agreements in respect of which a director or officer has a material interest must be reviewed and approved by the Board in accordance with the Code. Since the beginning of the Corporation's most recently completed fiscal year, there has been one such transaction.

A copy of the Code can be obtained upon request to the CEO of the Corporation, at the Corporation's head office at 15 Kincora Court, Sudbury, Ontario, P3E 2B9.

In addition, to encourage and promote a culture of ethical business conduct, the Board has adopted a disclosure policy (the "**Disclosure Policy**") and an insider trading policy (the "**Trading Policy**"). The Disclosure Policy applies to all directors, officers, spokespersons, employees, consultants and contractors of the Corporation and its subsidiaries and covers all methods used by the Corporation to communicate to its shareholders, the media and members of the investment community. The objective of the Disclosure Policy is to ensure that communications to the investing public about the Corporation are: (i) timely, factual and accurate; and (ii) broadly disseminated in accordance with all applicable legal and regulatory requirements. The Board is responsible for the administration and implementation of the Disclosure Policy and the Board ensures that all directors, officers, employees and consultants are educated about disclosure issues, the Corporation's policy regarding confidentiality of material information and restrictions on trading securities and the Disclosure Policy.

The Trading Policy applies to directors, officers, employees and, in certain sections of the Trading Policy, the related persons of such directors, officers and employees, of the Corporation and its subsidiaries. The Trading Policy is designed to assist such persons in complying with the prohibitions under applicable securities laws against insider trading, tipping and recommending trades in the securities of the Corporation and other issuers in certain circumstances. The Trading Policy also contains additional pre-clearance, black-out and other trading restrictions and provisions for maintaining the confidentiality of information in certain circumstances.

In respect of insider trading, tipping and recommending trades in securities, no director, officer or employee of the Corporation or any of its subsidiaries or any related person shall: (i) purchase or sell securities of the Corporation with knowledge of material information relating to the Corporation that has not been disclosed to the public; (ii) inform, other than in the necessary course of business, another person or company of material information relating to the Corporation that has not been generally disclosed to the public; or (iii) recommend or encourage, other than in the necessary course of business, another person or company to purchase or sell securities of the Corporation with knowledge of material information relating to the Corporation that has not been generally disclosed.

In respect of pre-clearance restrictions, all proposed transactions in securities of the Corporation by directors and officers of the Corporation must be pre-cleared with the Corporation's legal counsel. Persons subject to the pre-clearance restriction are asked to contact the Corporation's legal counsel at least two (2) business days (or such shorter period as the Corporation's legal counsel may determine) in advance and may not effect any transaction subject to the pre-clearance request unless given clearance to do so. To the extent that a material event or development affecting the Corporation remains non-public, persons subject to the pre-clearance requirement will not be given permission to effect transactions in securities of the Corporation.

In respect of black-out periods, no trades or other transactions in securities of the Corporation (including the exercise of Options or transactions involving other forms of equity-based compensation) shall be carried out by directors and officers of the Corporation and all employees who receive notice from the Corporation's legal counsel that they are designated blacked-out employees in respect of a given period during the period of time beginning two (2) weeks before the end of each fiscal quarter until the second trading day after the financial results have been disclosed by the Corporation by way of a news release. The Board will not approve the grant of Options or other forms of equity-based compensation awards during the period of any trading black-out.

In respect of confidentiality, all directors, officers and employees of the Corporation and its subsidiaries are prohibited from informing, other than in the necessary course of business, another person or company of material undisclosed information relating to the Corporation. Information communicated internally and externally to outside parties in the necessary course of business should be done on a need-to-know basis consisting only of that information that is necessary for the recipient to be able to perform its responsibilities.

### ***Nomination of Directors***

The Board has the ultimate responsibility for the appointment, nomination and assessment of directors, but it performs this function with the assistance of the CGN Committee. The Board believes that this is a practical approach at this stage of the Corporation's development. While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with a wealth of business knowledge and particular knowledge of the Corporation's industry, jurisdiction of operations, or other industries which provide knowledge or which would assist in guiding the officers of the Corporation. Therefore, and in order to encourage an objective nomination process, nominations tend to be the result of recruitment efforts by management of the Corporation and members of the CGN Committee, but are subject to informal discussions among the directors prior to the consideration by the Board as a whole of the nominated director.

The CGN Committee is a committee of the Board which assists the Board with compensation, nomination and governance matters. In respect of nomination and governance matters, the CGN Committee's primary responsibilities include, but are not limited to: (i) reviewing from time to time the size and composition of the Board; (ii) developing and reviewing periodically standards to be applied in making determinations as to the independence of directors and the presence or absence of material relationships between a director and the Corporation; (iii) reviewing annually the competencies, skills and personal qualities of directors in order to add value to the Corporation; (iv) establishing processes for identification, interview and recommendation of suitable nominees for appointment to the Board as additional members or to succeed existing directors; (v) at least annually, reviewing the Corporation's approach to governance issues; (vi) overseeing an orientation program to familiarize new directors with the Corporation's business and operations; (vii) providing ongoing educational opportunities for all directors to enhance their skills as directors and to ensure that their knowledge and understanding the Corporation's business remains current; and (viii) annually reviewing and making recommendations to the Board for changes to the Mandate and the position descriptions for the Chair of the Board and, if determined by the CGN Committee, conducting annual surveys of Directors with respect to their views on the effectiveness of the Board, the Chair of the Board, each committee of the Board and its chair and the contributions of individual Directors.

For further information regarding the CGN Committee, please refer to the section entitled "Statement of Executive Compensation – *Compensation, Nomination and Governance Committee*" of the Circular.

### ***Compensation***

The CGN Committee discharges the Board's responsibilities relating to the compensation of the Corporation's executive officers, administers the Corporation's incentive Stock Option Plan, RSU Plan and DSU Plan and assists the Board with respect to management succession and development. In addition, the CGN Committee reviews and makes recommendations to the Board on an annual basis regarding: (i) company-wide compensation programs and practices; (ii) all aspects of the remuneration of the Corporation's executive officers; and (iii) equity-based plans and any material amendments thereto. For specific disclosure regarding the compensation of executive officers, including the CEO and directors and the CGN Committee, please see the heading entitled "Statement of Executive Compensation" in the Circular.

### ***Other Board Committees***

The Corporation currently has the following committees: (i) the Audit Committee; and (ii) the CGN Committee.

### ***Assessments***

The Board assesses, on an annual basis, the contributions of the Board as a whole, any committees of the Board and each of the directors, in order to determine whether each is functioning effectively. In making such assessments, the Board considers the industry in which the Corporation functions, as well as the practices of comparable corporate bodies.

The CGN Committee assesses the performance and effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors on a regular and ongoing basis. The CGN Committee also reviews annually and makes recommendations to the Board for changes to the Mandate.

### **Term Limits and Renewal**

The term of the Corporation's directors expires at the end of the next annual general meeting or when a successor is elected or appointed to the Board. The Corporation has not adopted term limits for directors on the Board or other mechanisms of board renewal as the Board is of the view that it is in the Corporation's best interests to retain experienced board members who are familiar with the Corporation's business and can provide continuity to its management. Instead, the Board and CGN Committee continually review a director's effectiveness and the mix of skills and expertise.

### ***Policies Regarding the Representation of Women on the Board and in Executive Officer Positions***

The Corporation has not adopted a written policy specifically relating to the identification and nomination of women directors nor does the Board formally consider the level of representation of women when making executive officer appointments or set targets regarding women on the Board or in executive officer positions. However, informally, in identifying and selecting director or executive officer nominees, the Corporation values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin, as one among the many factors taken into consideration during the search process. The Corporation also considers, among other things, the qualifications, personal qualities, business background and relevant experience of individual candidates as well as the overall composition of the Board or executive office with a view to identifying and selecting the best and most complementary candidates. The CGN Committee and the Board intend to consider whether the Corporation should adopt specific policies and practices regarding the representation of women on the Board and in executive office positions, including the setting of targets for such representation.

As of the date of this Circular, no women hold executive officer positions; there are two (2) women (28% of Board members), and no visible minorities, aboriginal peoples or persons with disabilities on the Board.

### ***Majority Voting Policy***

The Board adopted a majority voting policy (the "**Majority Voting Policy**") on January 19, 2022. The Majority Voting Policy does not apply in any case where the nomination and election of Directors involves a "proxy dispute". In accordance with Section 10.02 of the Cboe Listing Manual, the Majority Voting Policy provides as follows:



- (a) any director must immediately tender his or her resignation to the chair of the Board and, if there is one, the lead independent director of the Board following the meeting, if he or she is not elected by a majority of the votes cast with respect to his or her election;
- (b) the CGN Committee shall consider the offer of resignation and recommend to the Board whether or not to accept the resignation;
- (c) the Board shall act on the CGN Committee's recommendation and determine whether or not to accept the resignation within ninety (90) days after the date of the relevant shareholders' meeting, after considering the factors considered by the CGN Committee and any other factors that the Board considers relevant and the Board shall accept the resignation absent exceptional circumstances;
- (d) the resignation will be effective when accepted by the Board;
- (e) a director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any portion of the meeting of the Board or of the CGN Committee at which the resignation is considered; and
- (f) the Corporation shall promptly issue a news release with the Board's decision, a copy of which must be filed with Cboe (if the Board declines to accept the resignation, the Board should include in the press release the reasons for its decision).

#### **DISCLOSURES RELATING TO AUDIT COMMITTEE**

The text of the Audit Committee Charter and other disclosure pursuant to Form 52-110F1 is provided in the Corporation's latest Annual Information Form dated November 27, 2024, under the sections entitled, "Audit Committee Disclosure" and "Appendix 'A' – *Audit Committee Charter*", filed under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The Audit Committee Charter and Annual Information Form are also available on the Corporation's website at [www.mcfarlanelakemining.com/](http://www.mcfarlanelakemining.com/).

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is filed on SEDAR+ and can be accessed on the internet at [www.sedarplus.ca](http://www.sedarplus.ca). Financial information is provided in the Corporation's Annual Financial Statements and in its MD&A for its most recently completed financial year.

Shareholders may request copies of the Annual Financial Statements and MD&A by mailing a request to: McFarlane Lake Mining Limited, 15 Kincora Court, Sudbury, Ontario, P3E 2B9.

**DIRECTORS' APPROVAL**

The contents and sending of this Circular have been approved by the Board.

**DATED** at Toronto, Ontario this 22<sup>nd</sup> day of January, 2025.

*(Signed) Mark Trevisiol*

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**Mark Trevisiol**

Chief Executive Officer, President & Director

**SCHEDULE "A"**  
**AMENDMENT TO THE CORPORATION'S STOCK OPTION PLAN**

(see attached)

**MCFARLANE LAKE MINING LIMITED**  
**INCENTIVE STOCK OPTION PLAN**

**Effective Date: January 14, 2022**

**Amended by Shareholders on March 6, 2023**

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**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Defined Terms**

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **“Accelerated Vesting Event”** means the occurrence of any one of the following events:
- (i) a take-over bid (as defined under applicable securities Laws) is made for Shares or Convertible Securities which, if successful would result (assuming the conversion, exchange or exercise of the Convertible Securities, if any, that are the subject of the take-over bid) in any Person or Persons acting jointly or in concert (as determined under applicable securities Laws) or Persons associated or affiliated with such Person or Persons (as determined under applicable securities Laws) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
  - (ii) the acquisition or continuing ownership by any Person or Persons acting jointly or in concert (as determined under applicable securities Laws), directly or indirectly, of Shares or of Convertible Securities, which, when added to all other securities of the Corporation at the time held by such Person or Persons, Persons associated with such Person or Persons, or Persons affiliated with such Person or Persons (as determined under applicable securities Laws) (collectively, the **“Acquirors”**), and assuming the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
  - (iii) an amalgamation, merger, arrangement or other business combination (a **“Business Combination”**) involving the Corporation receives the approval of, or is accepted by, the securityholders of the Corporation (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Corporation and as a result of that Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Corporation, own, directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect Directors;
- (b) **“Affiliate”** shall have the meaning ascribed thereto by the *Securities Act* (Ontario) in section 1(2) - Interpretation;
- (c) **“Associate”** shall have the meaning ascribed thereto by the *Securities Act* (Ontario) in section 1(1) - Interpretation;
- (d) **“Award Date”** means the date on which the Board grants and announces a particular Option;
- (e) **“Black Out Period”** means a temporary period during which Participants may not exercise their Options;
- (f) **“Board”** means the board of directors of the Corporation or, as applicable, a committee consisting of not less than 3 directors of the Corporation duly appointed to administer this Plan;

- (g) “**Charitable Organization**” means "charitable organization" as defined in the *Income Tax Act* (Canada) from time to time;
- (h) “**Common Shares**” means the common shares in the capital of the Corporation;
- (i) “**Consultant**” means an individual or Consultant Company, other than an Employee or a Director of the Corporation, that:
- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a Distribution,
  - (ii) provides the services under a written contract between the Corporation or an Affiliate of the Corporation on the one hand and the individual or the Consultant Company on the other,
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation, and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the Consultant to be knowledgeable about the business and affairs of the Corporation;
- (j) “**Consultant Company**” means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (k) “**Control Person**” has the meaning set forth in the *Securities Act* (Ontario);
- (l) “**Convertible Securities**” means securities convertible into, exchangeable for or representing the right to acquire Common Shares;
- (m) “**Corporation**” means McFarlane Lake Mining Limited and its predecessor and successor entities;
- (n) “**Director**” means directors, senior officers and Management Company Employees of the Corporation or its subsidiaries, if any, to whom stock options can be granted in reliance on a prospectus exemption under applicable securities Laws;
- (o) “**Distribution**” shall have the meaning ascribed thereto by the *Securities Act* (Ontario) in section 1(1) - Interpretation;
- (p) “**Eligible Person**” means
- (i) a Director, Officer, Employee or Consultant of the Corporation or its subsidiaries, if any, at the time the option is granted, and includes companies that are wholly owned by Eligible Persons; and
  - (ii) a Charitable Organization at the time the Option is granted;
- (q) “**Employee**” means an individual who:
- (i) is considered an employee of the Corporation or its subsidiaries, if any, under the *Income Tax Act*, (Canada) i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,

- (ii) works full-time for the Corporation or its subsidiaries, if any, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
- (iii) works for the Corporation or its subsidiaries, if any, 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 Corporation over the details and method of work as an employee of the Corporation, but for whom income tax deductions are not made at source;
- (r) **“Exchange”** means the Neo Exchange Inc. and any successor entity or any recognized Canadian stock exchange on which the Corporation may be listed from time-to-time;
- (s) **“Exercise Period”** means the period during which a particular Option may be exercised, being the period from and including the Award Date through to and including the Expiry Date;
- (t) **“Exercise Price”** means the price at which an Option may be exercised in accordance with Section 5.1;
- (u) **“Expiry Date”** means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
- (v) **“Governmental Authorities”** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:
  - (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or
  - (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
- (w) **“Holding Company”** has the meaning ascribed thereto in section 5.6;
- (x) **“Insider”** means a director or senior officer of the Corporation, a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Corporation, a director or senior officer of a company that is an insider or a subsidiary of the Corporation, and the Corporation itself if it holds any of its own securities;
- (y) **“Laws”** means currently existing applicable statutes, by-laws, rules, regulations, orders, ordinances or judgments, in each case of any Governmental Authority having the force of law;
- (z) **“Management Company Employee”** means an individual who is employed by a Person providing management services to the Corporation which are required for the ongoing successful operation of the business enterprise of the Corporation;
- (aa) **“Market Price”** means the last closing price of the Company’s securities listed on the Exchange on the date before any Option grant;
- (bb) **“Officer”** means an officer of the Corporation or its subsidiaries, if any;



- (cc) **“Option”** means a non-transferable and non-assignable option to purchase Common Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (dd) **“Other Share Compensation Arrangement”** means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise;
- (ee) **“Participant”** means an Eligible Person who has been granted an Option;
- (ff) **“Person”** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (gg) **“Personal Representative”** means (i) in the case of a deceased Participant, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and (ii) in the case of a Participant who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Participant;
- (hh) **“Plan”** means this incentive stock option plan;
- (ii) **“Related Person”** means: (i) a “related party” as defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, of the Corporation; (ii) a promoter of Corporation, or, where the promoter is not an individual, an officer, director or Control Person of the promoter; and (iii) such other Person as may be designated from time to time by the Exchange.
- (jj) **“RRSP”** has the meaning ascribed thereto in section 5.6; and
- (kk) **“Shareholder Approval”** means approval by a majority of the votes cast by all shareholders entitled to vote at a meeting of shareholders of the Corporation excluding votes attached to shares beneficially owned by those excluded from voting by Exchange requirements, corporate or securities law or the constating documents of the Corporation;
- (ll) **“Termination Date”** means the date on which a Participant ceases to be an Eligible Person.

## 1.2 Interpretation

References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

## ARTICLE 2 ESTABLISHMENT OF PLAN

### 2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation, its Affiliates and its subsidiaries, if any;
- (b) encouraging Eligible Persons to remain with the Corporation, its Affiliates or its subsidiaries, if any;

and

- (c) attracting new Directors, Officers, Employees and Consultants.

## **2.2 Shares Reserved**

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed, on a rolling basis, 15% of the outstanding Common Shares at the time of the granting of an Option, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution or adjustment in:
- (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
  - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the Exercise Price for such shares or other securities or property; and
  - (iii) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable,
- and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable.
- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

## **2.3 Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

## **2.4 Effective Date**

This Plan shall be subject to the approval of any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

**ARTICLE 3  
ADMINISTRATION OF PLAN**

**3.1 Administration**

- (a) This Plan shall be administered by the Board or any committee established by the Board for the purpose of administering this Plan. Subject to the provisions of this Plan, the Board shall have the authority:
- (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited; and
  - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants and all other Persons.

**3.2 Amendment, Suspension and Termination**

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate this Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

### **3.3 Compliance with Laws**

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign Laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any Governmental Authority as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such Laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the applicable securities Laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities Laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

## **ARTICLE 4 OPTION GRANTS**

### **4.1 Eligibility and Multiple Grants**

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions.

### **4.2 Representation**

The Corporation represents that an Employee, Consultant or Management Company Employee who is granted an Option or Options is a bona fide Employee, Consultant or Management Company Employee, as the case may be. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

## **ARTICLE 5 OPTION TERMS**

### **5.1 Exercise Price**

~~Subject to a minimum Exercise Price of \$0.05, the~~The Exercise Price per Common Share for an Option shall not be less than the Market Price for the Corporation's common shares at the date of grant.

## 5.2 Expiry Date

Every Option granted shall, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

Notwithstanding anything contained herein, if the Expiry Date occurs during a Black Out Period or within 2 business days of a Black Out Period, the Expiry Date for such option shall be extended to 10 days from the end of the Black Out Period.

## 5.3 Vesting

Subject to the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.

## 5.4 Accelerated Vesting Event

Subject to the policies of the Exchange, upon the occurrence of an Accelerated Vesting Event, the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any Option, to make such changes to the terms of Options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of Options, conditionally or unconditionally; (b) terminating every Option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the Options are proposed to be granted to or exchanged with the holders of Options, which replacement options treat the holders of Options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction; (c) otherwise modifying the terms of any Option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any Option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of this Plan be final, conclusive and binding.

## 5.5 Withholding Taxes

The exercise of each Option granted under this Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is required under applicable law in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that the Participant pay to the Corporation, in addition to and in the same manner as the Exercise Price for the Common Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised first becomes includable in the gross income of the Participant for tax purposes.

## 5.6 Non-Assignability

Options may not be assigned or transferred, and all Option certificates will be so legended, provided however that (i) the Participant may transfer the Option to a personal holding company wholly-owned and controlled by such Participant ("**Holding Company**") or to a registered retirement savings plan established for the sole benefit of such Participant ("**RRSP**") or from a Holding Company or RRSP to the Participant and, in either such event, the provisions of this Plan shall apply mutatis mutandis as though they were originally issued to and registered in the name of the Participant, (ii) the Participant may transfer the Option to a permitted assign (as defined in National Instrument 45-106 Prospectus Exemptions) or for estate planning or estate settlement purposes and, in any such event, the provisions of this Plan shall apply mutatis mutandis as though they were originally issued to and registered in the name of the Participant, or (iii) the Personal Representatives of a Participant may, to the extent permitted by section 6.1, exercise the

Option within the Exercise Period.

### **5.7 Ceasing to be Eligible Person**

- (a) If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (b) If a Participant dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death.
- (c) Unless an option agreement specifies otherwise, if a Participant ceases to be an Eligible Person for any reason other than death, each Option held by the Participant will cease to be exercisable 90 days after the Termination Date or for whatever period after the Participant ceases to serve in such capacity, as determined by the Board.
- (d) For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until the earlier of (i) the date that is one year from the date of death or (ii) the date such Option terminates and therefore ceases to be exercisable pursuant to the terms of this Section.
- (e) If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

## **ARTICLE 6 EXERCISE PROCEDURE**

### **6.1 Exercise Procedure**

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant only upon the Participant's delivery to the Corporation at its head office of:

- (a) a written notice of exercise addressed to the Chief Financial Officer of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) the originally signed option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate Exercise Price for the number of Common Shares with respect to which the Option is being exercised; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the Laws of any jurisdiction;

and on the business day following, the Participant shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Participant.

## **ARTICLE 7 APPROVALS, AMENDMENTS AND TERMINATION**

### **7.1 Approvals Required for Plan**

Prior to its implementation by the Corporation, this Plan is subject to the receipt of approval by the shareholders of the Corporation at a general meeting and approval of the Exchange. Within three years after the institution of this Plan and within every three years thereafter, this Plan must be reapproved by a resolution of the shareholders of the Corporation at a general meeting. In addition, the resolution of the shareholders of the Corporation should include the next date by which the Corporation must seek Shareholder Approval, such date being no later than three years from the date such resolution was approved. If Shareholder Approval is not obtained within three years of either the institution of the Plan or subsequent approval, as the case may be, all unallocated entitlements shall be cancelled and the Corporation shall not be permitted to grant further entitlements under the Plan, until such time as Shareholder Approval is obtained. However, all allocated Options under the Plan, such as Options that have been granted but not yet exercised, may continue unaffected. If shareholders fail to approve the resolution for the renewal of the Plan, the Corporation shall forthwith stop granting Options under the Plan, even if such renewal approval was sought prior to the end of the three-year period.

### **7.2 Permitted Amendments**

The Board may, at any time and from time to time, amend, suspend or terminate the Plan without shareholder approval, provided that no such amendment, suspension or termination may be made without obtaining any requisite regulatory or Exchange approval or the consent or deemed consent of a Participant where such amendment, suspension or termination materially prejudices the rights of the Participant. The types of amendments that do not require shareholder approval include but are not limited to:

- (a) amendments of a “housekeeping” nature, including those required to clarify any ambiguity or rectify any inconsistency in the Plan;
- (b) amendments required to comply with mandatory provisions of applicable law, including the rules and regulations of the Exchange;
- (c) amendments which are advisable to accommodate changes in tax laws;
- (d) extension of accelerated expiry dates to, but not beyond, the expiry date originally set at the time of the option grant; and
- (e) amendments to the terms of options in order to maintain option value in connection with a conversion, change, reclassification, redesignation, subdivision or consolidation of the Common Shares or a reorganization, amalgamation, consolidation, merger or takeover bid or similar type of transaction involving the Corporation.

### **7.3 Amendments Requiring Shareholder Approval**

Notwithstanding the provisions of Section 7.2, the Board may not, without the prior approval of the shareholders of the Corporation, make any amendment that requires the approval of disinterested shareholders pursuant to Section 10.12(7) of the NEO Exchange Listing Manual, and make amendments to any of the following provisions of the Plan:

- (a) Persons eligible to be granted Options under the Plan;
- (b) the maximum percentage of shares that may be reserved under the Plan for issuance pursuant to the exercise of Options;
- (c) the method for determining the Exercise Price of Options;
- (d) the maximum term of Options;
- (e) the expiry and termination provisions applicable to Options;
- (f) any amendment to remove or to exceed limits on Options available to Related Persons of the Corporation; and
- (g) amendments to an amending provision within the Plan.

#### **7.4 Consent to Amend**

The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Shareholder Approval is required for: (i) a reduction in the Exercise Price of an Option if the Participant is an Insider at the time of the proposed amendment; (ii) an extension of the term of an Option if the Participant is an Insider at the time of the proposed amendment; or (iii) an extension of the term of an Option, where the Exercise Price is lower than the prevailing market price.

#### **7.5 Amendment Subject to Approval**

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

#### **7.6 Termination**

The Board may terminate this Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Participant pursuant to any Option awarded prior to the date of such termination and notwithstanding such termination the Corporation, such Options and such Participants shall continue to be governed by the provisions of this Plan.

#### **7.7 Agreement**

The Corporation and every person to whom an Option is awarded hereunder shall be bound by and subject to the terms and conditions of this Plan.

## **ARTICLE 8 MISCELLANEOUS**

#### **8.1 No Rights as Shareholder**

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.



**8.2 No Right to Employment**

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

**8.3 Governing Law**

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The Courts of the Province of Ontario shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

**SCHEDULE "B"**

**PERFORMANCE AND RESTRICTED SHARE UNIT PLAN**

(see attached)

## MCFARLANE LAKE MINING LIMITED

### PERFORMANCE AND RESTRICTED SHARE UNIT PLAN

#### 1. PREAMBLE AND DEFINITIONS

##### 1.1 Title and Conflict.

The Plan described in this document shall be called the “**Performance and Restricted Share Unit Plan**”.

In the event of any conflict or inconsistency between the Plan described in this document and the Award Agreement (as defined below), the terms and conditions of the Award Agreement shall prevail.

The Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario.

##### 1.2 Purpose of the Plan.

The purposes of the Plan are:

- (i) to promote a significant alignment between Participants (as defined below) of the Corporation and its Subsidiaries and the growth objectives of the Corporation and its Subsidiaries;
- (ii) to associate a portion of participating Participants’ compensation with the performance of the Corporation and its Subsidiaries over the long term; and
- (iii) to attract and retain critical personnel to drive the business success of the Corporation and its participating Subsidiaries.

##### 1.3 Definitions.

1.3.1 “**Account**” has the meaning set out in Section 5.1.

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

1.3.3 “**Award Agreement**” means the written or electronic agreement between the Corporation and a Participant under which the terms of an award are established, as contemplated by Section 4.1, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.

1.3.4 “**Award Date**” means the effective date of a grant of PSUs or RSUs, as applicable, to a Participant as stated in the applicable Award Agreement.

1.3.5 “**Award PSUs**” means the number of PSUs awarded to a Participant in respect of a Performance Period and as stated in the applicable Award Agreement.

- 1.3.6 “**Award RSUs**” means the number of RSUs awarded to a Participant as stated in the applicable Award Agreement.
- 1.3.7 “**Award Value**” means the value, in dollars, of an award made to a Participant and as stated in the applicable Award Agreement, which is provided under the Plan in the form of PSUs or RSUs, as the case may be.
- 1.3.8 “**Board**” means the Board of Directors of the Corporation.
- 1.3.9 “**Change in Control**” means, the occurrence of any of the following, in one transaction or a series of related transactions:
- (i) the acquisition by any person or persons acting jointly or in concert (as determined by the *Securities Act* (Ontario)), whether directly or indirectly, of voting securities of the Corporation that, together with all other voting securities of the Corporation held by such person or persons, constitute in the aggregate more than 50% of the voting power attached to all outstanding voting securities of the Corporation;
  - (ii) an amalgamation, arrangement, consolidation, share exchange or other form of business combination of the Corporation with another entity that results in the holders of voting securities of that other entity holding, in the aggregate, more than 50% of the voting power attached to all outstanding voting securities of the entity resulting from the business combination;
  - (iii) the sale, lease or exchange of all or substantially all of the property of the Corporation or any of its Subsidiaries to another person, other than in the ordinary course of business of the Corporation and other than such sale, lease or exchange to a wholly-owned subsidiary of the Corporation;
  - (iv) the liquidation or dissolution of the Corporation; or
  - (v) any other transaction that is deemed by the Board in its sole discretion to be a “Change in Control” for the purposes of the Plan.
- 1.3.10 “**Corporation**” means McFarlane Lake Mining Limited and any successor corporation whether by amalgamation, merger or otherwise.
- 1.3.11 “**Disability**” means a physical or mental incapacity of the Participant that has prevented the Participant from performing the duties customarily assigned to the Participant for 180 calendar days, whether or not consecutive, out of any 12 consecutive months and that in the opinion of the Corporation, acting on the basis of advice from a duly qualified medical practitioner, is likely to continue to a similar degree.
- 1.3.12 “**Dividend Equivalent Units**” has the meaning set out in Section 5.2.
- 1.3.13 “**Insider**” means a Participant who is (a) an insider of the Corporation as defined in the *Securities Act* (Ontario) and (b) an associate (as defined in the *Securities Act* (Ontario)) of any person who is an insider by virtue of (a).

- 1.3.14 “**Market Value**” at any date in respect of the Shares means the volume weighted average trading price of such Shares on the NEO Exchange (or, if such Shares are not then listed and posted for trading on the NEO Exchange, on such stock exchange on which such Shares are listed and posted for trading as may be selected for such purpose by the Board) for the five consecutive trading days immediately preceding such date, provided that in the event that such Shares did not trade on any of such trading days, the Market Value shall be the average of the bid and ask prices in respect of such Shares at the close of trading on all of such trading days on which Shares did not trade and provided that in the event that such Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Shares as determined by the Board in its sole discretion.
- 1.3.15 “**NEO Exchange**” means Neo Exchange Inc. (operating as Cboe Canada).
- 1.3.16 “**Participant**” means such directors, officers, employees, independent contractors or Service Providers of the Corporation or any Subsidiary as the Board may designate to receive a grant of PSUs or RSUs under the Plan pursuant to an Award Agreement.
- 1.3.17 “**Performance Adjustment Factor**” means the performance adjustment factor (either upwards or downwards) calculated following the end of the Performance Period in accordance with the Award Agreement.
- 1.3.18 “**Performance Criteria**” means, in respect of a grant of a PSU, such financial or personal performance criteria as may be determined by the Board in respect of a grant of PSUs to any Participant and set out in an Award Agreement. Performance Criteria may apply to the Corporation, a Subsidiary, the Corporation and its Subsidiaries as a whole, a business unit of the Corporation or group comprised of the Corporation and one or more Subsidiaries, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified Performance Period, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparator group.
- 1.3.19 “**Performance Period**” means, in respect of a grant of a PSU, the particular designated time period(s) in respect of which the Performance Criteria are assessed and determined to be satisfied by the Board in order for such PSU to become a Vested PSU as set forth in the Award Agreement applicable to such grant.
- 1.3.20 “**Period of Absence**” means, with respect to an applicable Participant, a period of time that lasts for at least 90 days throughout which the Participant is: (i) on a leave of absence from the Corporation or a Subsidiary that has been approved by the Corporation or Subsidiary, as applicable; (ii) on a Statutory Leave; or (ii) experiencing a Disability.
- 1.3.21 “**Plan**” means this Performance and Restricted Share Unit Plan, including any schedules or appendices hereto, as such may be amended from time to time and as attached to an Award Agreement.
- 1.3.22 “**PSU Balance**” in respect of any particular date means the number of PSUs recorded in a Participant’s Account in respect of a particular Performance Period,

which shall include the PSU Award plus all Dividend Equivalent Units in respect of such PSUs.

- 1.3.23 “**PSU**” means a Performance Share Unit granted to a Participant that is represented by a bookkeeping entry on the books of the Corporation, the value of which on any particular date shall be equal to the Market Value and which generally becomes Vested, if at all, subject to the attainment of certain Performance Criteria and satisfaction of such other conditions to Vesting, if any, as may be determined by the Board.
- 1.3.24 “**RSU**” means a Restricted Share Unit granted to a Participant that is represented by a bookkeeping entry on the books of the Corporation, the value of which on any particular date shall be equal to the Market Value and which generally becomes Vested, if at all, following a period of continuous employment or engagement of the Participant with the Corporation or a Subsidiary or service as a director.
- 1.3.25 “**RSU Balance**” in respect of any particular date means the number of RSUs recorded in a Participant’s Account in respect of a particular Vesting Period, which shall include the RSU Award plus all Dividend Equivalent Units in respect of such RSUs.
- 1.3.26 “**Service Provider**” means a person or company engaged to provide ongoing management or consulting services for the Corporation or for any entity controlled by the Corporation, which for greater certainty, includes an independent contractor.
- 1.3.27 “**Share**” means the common shares of the Corporation.
- 1.3.28 “**Share Compensation Arrangement**” means, in respect of the Corporation, a stock option, stock option plan, employee stock purchase plan, performance share unit plan, restricted share unit plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to directors, officers, employees, of the Corporation or its Subsidiaries or to Service Providers.
- 1.3.29 “**Statutory Leave**” means, with respect to an employee Participant, a period of time throughout which the Participant is on a leave of absence to which he or she is entitled under applicable legislation and following which he or she has the right, pursuant to such legislation, to return to active employment with the Corporation or a Subsidiary.
- 1.3.30 “**Stock Exchange**” means the NEO Exchange, or if the Shares are not listed on the NEO Exchange, such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market.
- 1.3.31 “**Stock Exchange Rules**” means the applicable rules of the Stock Exchange.
- 1.3.32 “**Subsidiary**” has the meaning assigned therein in the *Securities Act* (Ontario) and “**Subsidiaries**” has a corresponding meaning but including unincorporated entities.
- 1.3.33 “**Vested**” means the applicable conditions for payment or other settlement in relation to a whole number, or a percentage (which may be more or less than 100%)

of the number of Award PSUs or Award RSUs determined by the Board, which (i) have been met; or (ii) have been waived or deemed to be met pursuant to the terms of the Plan or the applicable Award Agreement, and “Vest” or “Vesting” have a corresponding meaning

1.3.34 “**Vesting Date**” means, with respect to a PSU or RSU, the date, as set forth in the Award Agreement, on which the applicable conditions for payment or other settlement of such PSU or RSU are met, deemed to have been met or waived as contemplated in Section 1.3.37.

## 2. CONSTRUCTION AND INTERPRETATION

- 2.1 **Gender, Singular, Plural.** In the Plan, references to the masculine include the feminine; and references to the-singular shall include the plural and vice versa, as the context shall require.
- 2.2 **Governing Law.** The Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of Ontario.
- 2.3 **Severability.** If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.
- 2.4 **Headings, Sections.** Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

## 3. EFFECTIVE DATE AND EMPLOYMENT RIGHTS

- 3.1 **Effective Date.** The Plan is adopted subject to the approval of the NEO Exchange, any other required regulatory approval and the approval of the shareholders of the Corporation in accordance with the policies of the NEO Exchange. To the extent a provision of the Plan requires regulatory approval which is not received, such provision shall be severed from the remainder of the Plan until the approval is received and the remainder of the Plan shall remain in effect. The Plan shall become effective upon the later of the date of acceptance for filing of the Plan by the NEO Exchange and the date of approval of the Plan by the shareholders of the Corporation.
- 3.2 **No Employment Rights.** Nothing contained in the Plan shall be deemed to give any person the right to be retained as an employee of the Corporation or of a Subsidiary. For greater certainty, a period of notice, if any, or payment in lieu thereof, upon termination of employment, wrongful or otherwise, shall not be considered as extending the period of employment for the purposes of the Plan.

## 4. PSU AND RSU GRANTS AND PERFORMANCE PERIODS

- 4.1 **Awards of PSUs and RSUs.** The Plan shall be administered by the Board. The Board shall have the authority in its sole and absolute discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or

necessary or advisable in the administration of the Plan, subject to and not inconsistent with the express provisions of this Plan, including, without limitation, the authority to:

- 4.1.1 determine the Award Value or the number of PSUs or RSUs to be awarded for each award under an Award Agreement;
- 4.1.2 make grants of PSUs and RSUs in respect of any award under an Award Agreement, provided that no Award will be granted during a blackout period or other trading restriction imposed by the Corporation or at any other time when the Board or the Corporation has any undisclosed material information;
- 4.1.3 determine the Award Date for grants of PSUs and RSUs, if not the date on which the Board determines to make such grants under an Award Agreement;
- 4.1.4 determine the Participants to whom, and the time or times at which, awards shall be made and PSUs and RSUs shall be granted under an Award Agreement;
- 4.1.5 approve or authorize the applicable form and terms of the related Award Agreements;
- 4.1.6 determine the terms and conditions of awards, and grants of PSUs and RSUs in respect thereof, to any Participant, including, without limitation the following, (A) the number of PSUs and RSUs to be granted; (B) the Performance Period(s) applicable to PSUs; (C) the Performance Criteria applicable to PSUs and any other conditions to the Vesting of any PSUs and RSUs granted hereunder; (D) the conditions, if any, upon which Vesting of any PSUs or RSUs will be waived or accelerated without any further action by the Board; (E) the extent to which the Performance Criteria must be achieved in order for any PSUs to become Vested PSUs and the Performance Adjustment Factor or other multiplier, if any, that will be applied to determine the number of PSUs that become Vested PSUs having regard to the achievement of the Performance Criteria; (F) the circumstances in which a PSU or RSU shall be forfeited, cancelled or expire; (G) the consequences of a termination of employment or service with respect to a PSU or RSU; (H) the manner of settlement of Vested PSUs and Vested RSUs, including whether particular Vested PSUs or Vested RSUs will be settled in cash or Shares issued from treasury; and (I) whether and the terms upon which any Shares delivered upon settlement of a PSU or RSU must continue to be held by a Participant for any specified period;
- 4.1.7 determine whether, and the extent to which, any Performance Criteria applicable to the Vesting of a PSU or other conditions applicable to the Vesting of a PSU or RSU have been satisfied or shall be waived or modified;
- 4.1.8 amend the terms of any outstanding Award Agreement provided, however, that no such amendment, shall be made at any time to the extent such action would materially adversely affect the existing rights of a Participant with respect to any then outstanding PSU or RSU related to such Award Agreement without his or her consent in writing and provided further, however, that the Board may amend the terms of an Award Agreement without the consent of the Participant if complying with Applicable Law;



- 4.1.9 determine whether, and the extent to which, adjustments shall be made pursuant to Section 5.3 and the terms of any such adjustments;
- 4.1.10 interpret the Plan and Award Agreements;
- 4.1.11 prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and Award Agreements;
- 4.1.12 determine the terms and provisions of Award Agreements (which need not be identical) entered into in respect of awards hereunder;
- 4.1.13 in the event there is any question as to whether a Change in Control has occurred in any circumstances, determine whether a Change in Control has occurred; and
- 4.1.14 make all other determinations deemed necessary or advisable for the administration of the Plan.

#### 4.2 **Eligibility and Award Determination.**

- 4.2.1 In determining the Participants to whom awards may be made and the Award Value (and accordingly the number of PSUs and RSUs to be granted) for each award, or the specific number of PSUs or RSUs to be awarded (subject, in the case of PSUs, to adjustment based on achievement of Performance Criteria), the Board may take into account such factors as it shall determine in its sole and absolute discretion.
- 4.2.2 Unless the Board determines to grant a Participant a specific number of PSUs without specifying an Award Value, the PSUs granted to a Participant for a Performance Period shall be determined by dividing the Award Value determined for the Participant for such Performance Period by the Market Value (with currency conversion if necessary) as at the end of the calendar quarter immediately preceding the Award Date, rounded down to the next whole number.
- 4.2.3 Unless the Board determines to grant a Participant a specific number of RSUs without specifying an Award Value, the RSUs granted to a Participant shall be determined by dividing the Award Value of an award to be provided to the Participant in the form of RSUs by the Market Value (with currency conversion if necessary) as at the end of the calendar quarter immediately preceding the Award Date, rounded down to the next whole number.
- 4.2.4 For greater certainty and without limiting the discretion conferred on the Board pursuant to this Section, the Board's decision to approve a grant of PSUs in any Performance Period, or any grant of RSUs, shall not entitle any Participant to an award of PSUs in respect of any other Performance Period or any future grant of RSUs; nor shall the Board's decision with respect to the size or terms and conditions of an award require it to approve an award of the same or similar size or with the same or similar terms and conditions to any Participant at any other time. No Participant has any claim or right to receive an award or any PSUs or RSUs.

4.2.5 An Award Agreement shall set forth, among other things, the following: the Award Date of the award evidenced thereby; the number of PSUs or RSUs, as applicable, granted in respect of such award; the Performance Criteria and the Performance Adjustment Factor applicable to PSUs and any other conditions to the Vesting of the PSUs or RSUs, as applicable; in the case of PSUs, the applicable Performance Period; and may specify such other terms and conditions as the Board shall determine or as shall be required under any other provision of the Plan. The Board may include in an Award Agreement terms or conditions pertaining to confidentiality of information relating to the Corporation's operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting of PSUs or RSUs, provided that failure to include such confidentiality provision in an Award Agreement shall not excuse a Participant's confidentiality obligations pursuant to any employment contract, consulting or services agreement, corporate policy or statutory obligation applicable to such Participant.

4.3 **PSUs and RSUs.** Each whole PSU and RSU will give a Participant the right to receive either a Share or a cash payment, as determined by the Board, in an amount determined in accordance with the terms of the Plan and the applicable Award Agreement. For greater certainty, a Participant shall have no right to receive Shares or a cash payment with respect to any PSUs or RSUs that do not become Vested PSUs or Vested RSUs, as the case may be, under Article 7.

## 5. ACCOUNTS, DIVIDEND EQUIVALENTS AND REORGANIZATION

5.1 **Account.** An account ("Account") shall be maintained by the Corporation for each award made to each Participant pursuant to an Award Agreement and which will be credited with an opening balance equal to the Award PSUs or Award RSUs granted pursuant to such Award Agreement. PSUs or RSUs that fail to vest pursuant to Article 7, or that are paid out to the Participant or his legal representative, shall be cancelled and shall cease to be recorded in the Participant's Account as of the date on which such PSUs or RSUs, as applicable, are forfeited or cancelled under the Plan or are paid out, as the case may be.

5.2 **Dividend Equivalent Units.** When and if cash dividends are paid on the Shares during the period from the Award Date under the Award Agreement to the date of settlement of the PSUs or RSUs granted thereunder, additional PSUs or RSUs, as applicable, will be credited to the Participant's Account in accordance with this Section 5.2 ("**Dividend Equivalent Units**"). The number of such additional PSUs or RSUs to be credited to the Participant's Account in respect of any particular dividend paid on the Shares will be calculated by dividing (i) the amount of the cash dividend that would have been paid to the Participant if each of the PSUs and RSUs recorded in the Participant's Account (but for greater certainty not including any previous Dividend Equivalent Units received and recorded) as at the record date for the cash dividend had been Shares by (ii) the Market Value (with currency conversion if necessary) on the date on which the dividend is paid on the Shares, rounded down to the next whole number. Dividend Equivalent Units shall be subject to the same Vesting conditions and shall Vest and be paid at the same time as the PSUs or RSUs, as applicable, to which they relate.

5.3 **Adjustments.** In the event of any stock dividend, stock split, combination or exchange of shares, capital reorganization, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other similar changes affecting the Shares, proportionate adjustments to reflect such change or changes

shall be made with respect to the number of PSUs and RSUs outstanding under the Plan, or securities into which the Shares are changed or are convertible or exchangeable and as may be substituted for Shares under this Plan, on a basis proportionate to the number of PSUs and RSUs in the Participant's Account or some other appropriate basis, all as determined by the Board in its sole discretion.

## 6. PAYMENT OF AWARDS BY TREASURY ISSUANCES

- 6.1 **Maximum Number of Shares Issuable from Treasury.** The aggregate number of Shares that are issuable under the Plan to pay awards which have been granted and are outstanding under the Plan, together with Shares that are issuable pursuant to outstanding awards or grants under any other Share Compensation Arrangement, shall not at any time exceed 15% of the Shares then issued and outstanding, subject to adjustment as provided in Section 5.3 above to give effect to any relevant changes in the capitalization of the Corporation, and provided that for the purpose of such calculation, the number of Shares then issued and outstanding shall include the number of Shares issuable upon conversion of the then issued and outstanding Shares. Shares in respect of which Awards have been granted but which are: (i) vested and redeemed; or (ii) forfeited, surrendered, cancelled or otherwise terminated or expire without the delivery of Shares shall be available for subsequent Awards. In addition, the number of Shares subject to an Award (or portion thereof) that the Corporation permits to be settled in cash in lieu of settlement in Shares shall be available for subsequent Awards.
- 6.2 **Issuances of Shares from Treasury.** All issuances of Shares from treasury to pay awards as contemplated by Section 7.4 shall be deemed to be issued at a price per Share equal to the Market Value on the date of issuance.
- 6.3 **Participation Limits.** Awards under the Plan shall be limited as follows:
- 6.3.1 the total number of Shares reserved for issuance to Insiders (as a group) under the Plan, together with Shares reserved for issuance to Insiders under any other Share Compensation Arrangement, shall not at any time exceed 15% of the issued and outstanding Shares;
- 6.3.2 within any one-year period the aggregate number of Shares issued to Insiders (as a group) pursuant to the Plan and any other Share Compensation Arrangement shall not exceed 15% of the issued and outstanding Shares.

## 7. VESTING AND PAYMENT OF AWARDS

- 7.1 **Vesting of PSUs.** Upon the first day immediately following the end of the Performance Period, PSUs represented by the PSU Balance as at such date shall Vest subject to the terms hereof, with the number of Vested PSUs being equal to the PSU Balance as at such date multiplied by the Performance Adjustment Factor as determined by the Board in accordance with the Award Agreement. For certainty, in the event the Performance Adjustment Factor is equal to zero, no PSUs will vest. Except where the context requires otherwise, each PSU which vests pursuant to Article 7 and each Dividend Equivalent Unit credited in respect of such PSUs after the Performance Period and prior to the date of settlement shall be referred to herein as a Vested PSU. PSUs which do not become Vested PSUs in accordance with this Article 7 shall be forfeited by the Participant and the Participant will have no further right, title or interest in such PSUs. The Participant waives any and all right to compensation or damages in consequence of the termination of

employment or the termination of engagement of services whether lawfully or unlawfully) or otherwise for any reason whatsoever insofar as those rights arise or may arise from the Participant ceasing to have rights or be entitled to receive any Shares or cash payment under the Plan pursuant to this Section 7.1.

- 7.2 **Performance Criteria.** The PSUs granted to a Participant under an Award Agreement and Section 4.1 (and the related Dividend Equivalent Units credited in respect of such PSUs) shall become Vested PSUs only upon the Board's determination with respect to the Performance Adjustment Factor in accordance with the Award Agreement applicable to such PSUs or have been waived in accordance with Section 4.1.7.
- 7.3 **Vesting of RSUs.** Upon the Vesting Date(s) specified in the applicable Award Agreement the RSUs comprising a Participant's RSU Balance shall Vest in such proportion as may be determined in accordance with such Award Agreement. Except where the context requires otherwise, each RSU which vests pursuant to Article 7 and each Dividend Equivalent Unit credited in respect of such RSU after its Vesting Date and prior to the date of settlement shall be referred to herein as a Vested RSU. RSUs which do not become Vested RSUs in accordance with this Article 7 shall be forfeited by the Participant and the Participant will have no further right, title or interest in such RSUs. The Participant waives any and all right to compensation or damages in consequence of the termination of employment or the termination of engagement of services (whether lawfully or unlawfully), or otherwise for any reason whatsoever insofar as those rights arise or may arise from the Participant ceasing to have rights or be entitled to receive any Shares or cash payment under the Plan pursuant to this Section 7.3.
- 7.4 **Payment in Shares.** In the event that a Participant's Vested PSUs or Vested RSUs have been designated by the Board for settlement in Shares issued from treasury, the Participant or his legal representative, as applicable, shall receive a number of Shares equal to the number of Vested PSUs or Vested RSUs, as the case may be, credited to the Participant's Account (rounded down to the nearest whole number of Shares). Subject to the terms of the Award Agreement, such Shares shall be distributed to the Participant or his legal representative, as applicable, as soon as practicable following the applicable Vesting Date. For purposes of clarity of the intent to comply with certain Canadian tax rules, in no event shall the payment to a Participant who is an employee for purposes of the *Income Tax Act* (Canada) be made later than December 31 of the third calendar year following the year in which the services giving rise to the award of PSUs or RSUs were rendered.
- 7.5 **Payment in Cash.** In the event that a Participant's Vested PSUs or Vested RSUs have not been designated by the Board for settlement in Shares issued from treasury, the Participant or his legal representative, as applicable, shall receive a cash payment equal to: (i) in the case of PSUs, the Market Value determined as of the last day of the Performance Period multiplied by the number of Vested PSUs credited to his PSU Account as determined in accordance with Section 7.1 (rounded down to the nearest whole number of PSUs); and (ii) in the case of RSUs, the Market Value determined as of the Vesting Date of such RSUs multiplied by the number of Vested RSUs credited to his RSU Account as determined in accordance with Section 7.3 (rounded down to the nearest whole number of RSUs). Subject to Section 10.9 and the terms of the Award Agreement, the cash payment shall be made to the Participant or his legal representative, as applicable, in a single lump sum as soon as practicable following the applicable Vesting Date. For purposes of clarity of the intent to comply with certain Canadian tax rules, in no event shall the payment to a Participant who is an employee for purposes of the *Income Tax Act* (Canada) be made later than December

31 of the third calendar year following the year in which the services giving rise to the award of PSUs or RSUs were rendered.

7.6 **Death. Period of Absence.**

7.6.1 **Death.** Where the employment, engagement of services, or service as a director of a Participant terminates during a Performance Period in the case of PSUs or prior to a Vesting Date in the case of RSUs by reason of the Participant's death: (i) the PSUs credited to the Participant's Account as at December 31 of the year immediately preceding the Participant's date of death shall continue to be eligible to become Vested PSUs in accordance with Sections 7.1 and 7.2; and (ii) the RSUs credited to the Participant's Account as at December 31 of the year immediately preceding the Participant's date of death shall Vest as of the Participant's date of death. The estate of the Participant shall be entitled to receive cash or Shares (or a combination thereof) as specified by the Board determined in accordance with Sections 7.4 or 7.5. For greater clarity, the number of Vested PSUs used to calculate the value of the payment shall equal the number of Vested PSUs determined in accordance with Sections 7.1 and 7.2 as at December 31 of the year immediately preceding the Participant's date of death.

7.6.2 **Period of Absence.** In the event of a Participant's Period of Absence during a Performance Period for PSUs or prior to a Vesting Date for RSUs and subject to this Section 7.6.2 and Section 7.6.4, PSUs and RSUs credited to the Participant's Account immediately prior to the commencement of such Period of Absence (and any related Dividend Equivalent PSUs and RSUs) shall continue to be eligible to become Vested in accordance with the provisions of Sections 7.1 and 7.3 and the Participant shall be entitled to receive cash or Shares (or a combination thereof) as specified by the Board in respect of such Vested PSUs and Vested RSUs determined in accordance with Sections 7.4 or 7.5, as applicable, except that the number of Vested PSUs and Vested RSUs used to calculate the value of the payment shall equal the number of Vested PSUs or Vested RSUs, as applicable determined in accordance with Section 7.1 and 7.3 multiplied by a fraction, (i) in the case of PSUs, the numerator of which equals the number of whole and partial months in the Performance Period for which the Participant actively performed services for the Corporation or a Subsidiary and the denominator of which equals the number of whole and partial months in the Performance Period; and (ii) in the case of RSUs, the numerator of which equals the number of whole and partial months in the period from the Award Date to the Vesting Date of such RSUs for which the Participant actively performed services for the Corporation or a Subsidiary and the denominator of which equals the number of whole and partial months in the period from the Award Date to the Vesting Date of such RSUs.

7.6.3 **No Additional Grants.** For greater clarity, no additional PSUs or RSUs (whether pursuant to Section 4.1 or in the form of Dividend Equivalent Units) shall be granted to a Participant following his or her date of death or during his or her Period of Absence, including following his or her date of Disability.

7.6.4 **Failure to Return.** Notwithstanding Section 7.6.2, where a Participant experiences a Period of Absence that extends beyond the end of a Performance Period for PSUs or a Vesting Date for RSUs and fails to return to active full-time employment with the Corporation or a Subsidiary within 180 days following the end of such Performance Period or such Vesting Date, no portion of the PSUs

subject to such Performance Period or RSUs that would otherwise Vest on such Vesting Date shall Vest and the Participant shall receive no payment or other compensation in respect of such PSUs or RSUs or loss thereof, on account of damages or otherwise.

7.7 **Other Terminations Events.** Except as otherwise provided in the Award Agreement governing the grant of PSUs or RSUs to a Participant or a written employment or other agreement between the Participant and the Corporation or any Subsidiary, in the event that, during a Performance Period with respect to PSUs or prior to a Vesting Date with respect to RSUs, (i) the Participant's employment, engagement of services, or service as a director is terminated by the Corporation or a Subsidiary of the Corporation for any reason, or (ii) a Participant voluntarily terminates his employment or engagement of services with the Corporation or a Subsidiary of the Corporation or service as a director, including due to retirement, no portion of the PSUs subject to such Performance Period or RSUs that would otherwise Vest on such Vesting Date shall Vest and the Participant shall receive no payment or other compensation in respect of such PSUs or RSUs or loss thereof, on account of damages or otherwise; provided that any Vested PSUs and Vested RSUs will be settled in accordance with Sections 7.4 and 7.5.

7.8 **Change in Control.** Notwithstanding any other provision of the Plan, but subject to the terms of any Award Agreement, any employment agreement or any consulting or services agreement between the Participant and the Corporation or any Subsidiary, in the event of a Change in Control, all PSUs and RSUs credited to each Account (including for greater certainty Dividend Equivalent Units) which have not become Vested PSUs or Vested RSUs, shall become Vested PSUs and Vested RSUs on the basis of one PSU becoming one Vested PSU and one RSU becoming one Vested RSU, as at the time of Change in Control (unless otherwise determined by the Board). As soon as practicable following a Change in Control each Participant shall, at the discretion of the Board, receive in cash or in Shares (or a combination thereof) a payment equal to the number of such Vested PSUs and Vested RSUs (as determined pursuant to this Section 7.8) credited to the Participant's Account at the time of the Change in Control (rounded down to the nearest whole number of Vested PSUs and Vested RSUs) multiplied by the price at which the Shares are valued for the purpose of the transaction or series of transactions giving rise to the Change in Control, or if there is no such transaction or transactions at the Market Value on the date of the Change in Control, less any statutory withholdings or deductions. Notwithstanding the foregoing, where a Change in Control occurs and no Shares are distributed and no cash payments are made to a Participant within 30 days following the Change in Control, the Corporation shall cease to have the discretion to provide the Participant with Shares and shall be required to pay (or cause a Subsidiary to pay) to the Participant in respect of his Vested PSUs and Vested RSUs and Dividend Equivalent Units in cash the amount determined in accordance with the payment formula set out above.

## 8. CURRENCY

8.1 **Currency.** All references in the Plan to currency refer to Canadian dollars.

## 9. SHAREHOLDER RIGHTS

9.1 **No Rights to Shares.** PSUs and RSUs are not Shares and neither the grant of PSUs or RSUs nor the fact that Shares may be acquired by, or provided from, the Corporation in satisfaction of Vested PSUs or Vested RSUs will entitle a Participant to any shareholder

rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

## 10. ADMINISTRATION

- 10.1 **Delegation and Administration.** The Board may, in its discretion, delegate such of its powers, rights and duties under the Plan, in whole or in part, to any committee of the Board or any one or more directors, officers or employees of the Corporation or its Subsidiaries as it may determine from time to time, on terms and conditions as it may determine, except the Board shall not, and shall not be permitted to, delegate any such powers, rights or duties to the extent such delegation is not consistent with Applicable Law.
- 10.2 **Effects of Board's Decision.** Any interpretation, rule, regulation, determination or other act of the Board hereunder shall be made in its sole discretion and shall be conclusively binding upon all persons.
- 10.3 **Liability Limitation.** No member of the Board or any officer, director or employee of the Corporation or any Subsidiary shall be liable for any action or determination made in good faith pursuant to the Plan or any Award Agreement under the Plan. To the fullest extent permitted by law, the Corporation and its Subsidiaries shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Board or is or was an officer, director or employee of the Corporation or a Subsidiary.
- 10.4 **Compliance with Laws and Policies.** The Corporation's issuance of any PSUs and RSUs and its obligation to make any payments or discretion to provide any Shares hereunder is subject to compliance with Applicable Law. Each Participant shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Participant will, at all times, act in strict compliance with Applicable Law and all other laws and any policies of the Corporation applicable to the Participant in connection with the Plan including, without limitation, furnishing to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law. Such laws, regulations, rules and policies shall include, without limitation, those governing "insiders" or "reporting issuers" as those terms are construed for the purposes of Applicable Laws.
- 10.5 **Withholdings.** So as to ensure that the Corporation or a Subsidiary, as applicable, will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Corporation, or a Subsidiary may withhold or cause to be withheld from any amount payable to a Participant, either under this Plan, or otherwise, such amount, or may require the sale of such number of Shares, as may be necessary to permit the Corporation or the Subsidiary, as applicable, to so comply.
- 10.6 **No Additional Rights.** Neither designation of an employee or Service Provider as a Participant nor the establishment of an Award Value for or grant of any PSUs or RSUs to any Participant entitles any person to the establishment of an Award Value, grant, or any additional grant, as the case may be, of any PSUs or RSUs under the Plan.
- 10.7 **Amendment, Termination.** The Plan may be amended or terminated at any time by the Board in whole or in part, provided that:

- 10.7.1 no amendment of the Plan shall, without the consent of the Participants affected by the amendment, or unless required by Applicable Law, adversely affect the rights accrued to such Participants with respect to PSUs or RSUs granted prior to the date of the amendment;
- 10.7.2 no amendment of the Plan shall be effective unless such amendment is approved by the Stock Exchange whose approval is required under Stock Exchange Rules; and
- 10.7.3 approval by a majority of the votes cast by shareholders present and voting in person or by proxy at a meeting of shareholders of the Corporation shall be obtained for any:
  - 10.7.3.1 amendment for which, under the requirements of the Stock Exchange or any applicable law, shareholder approval is required;
  - 10.7.3.2 a reduction in pricing of an award under the Plan (other than an adjustment pursuant to Section 5.3) or the cancellation and reissuance of awards under the Plan;
  - 10.7.3.3 extension of the term of an award under the Plan beyond the original expiry date of the award;
  - 10.7.3.4 any amendment to remove or exceed the Insider participation limits set out in Sections 6.3.1 or 6.3.2;
  - 10.7.3.5 an increase to the maximum number of Shares which may be issuable under the Plan, other than an adjustment pursuant to Section 5.3;
  - 10.7.3.6 amendment to this Section 10.7.

10.8 **Administration Costs.** The Corporation will be responsible for all costs relating to the administration of the Plan. For greater certainty and unless otherwise determined by the Board, a Participant shall be responsible for brokerage fees and other administration or transaction costs relating to the transfer, sale or other disposition of Shares on behalf of the Participant that have been previously distributed to or provided to the Participant pursuant to the Plan.

10.9 **Compensation Recoupment Policy.** Any awarding of PSUs or RSUs under the Plan, the Vesting thereof and the settlement of Awards pursuant thereto are subject to the Compensation Recoupment Policy of the Corporation.

## 11. NO FINANCIAL ASSISTANCE

11.1 **No Financial Assistance.** The Corporation shall not provide financial assistance to Participants in connection with the Plan.

## 12. ASSIGNMENT

12.1 **Assignment.** The assignment or transfer of the PSUs or RSUs, or any other benefits under this Plan, shall not be permitted, other than by operation of law or normal estate settlement purposes.



**SCHEDULE "C"**

**DIRECTORS' DEFERRED SHARE UNIT PLAN**

(see attached)

## DIRECTORS' DEFERRED SHARE UNIT PLAN

### ARTICLE I DEFINITIONS

1. When used herein, the following terms shall have the following meanings:
  - (a) “**Associated Company**” means any subsidiary or affiliate of the Company.
  - (b) “**Administrator**” means the Board or, if so delegated by the Board to administer the Plan, the Compensation Committee, or any one or more directors, officers or employees of the Company and/or its subsidiaries designated by the Board or the Compensation Committee to administer the Plan pursuant to Section 2.2.
  - (c) “**Annual Meeting**” means the annual meeting of the shareholders of the Company.
  - (d) “**Beneficiary**” means the person designated by the Participant in writing, as filed with the Company, to receive the Participant’s interest in the Plan in the event of the Participant’s death or, failing any such designation, the Participant’s estate.
  - (e) “**Board**” means the board of directors of the Company.
  - (f) “**Board Compensation**” means all compensation paid by the Company in a calendar year to a Director for service on the Board.
  - (g) “**Business Day**” means any day, other than a Saturday or a Sunday, on which the Exchange is open for trading.
  - (h) “**Change of Control**” means, the occurrence of any of the following, in one transaction or a series of related transactions:
    - (i) the acquisition by any person or persons acting jointly or in concert (as determined by the *Securities Act* (Ontario)), whether directly or indirectly, of voting securities of the Company that, together with all other voting securities of the Company held by such person or persons, constitute in the aggregate more than 50% of the voting power attached to all outstanding voting securities of the Company;
    - (ii) an amalgamation, arrangement, consolidation, share exchange or other form of business combination of the Company with another entity that results in the holders of voting securities of that other entity holding, in the aggregate, more than 50% of the voting power attached to all outstanding voting securities of the entity resulting from the business combination;
    - (iii) the sale, lease or exchange of all or substantially all of the property of the Company or any of its subsidiaries to another person, other than in the ordinary course of

business of the Company and other than such sale, lease or exchange to a wholly-owned subsidiary of the Company;

- (iv) the liquidation or dissolution of the Company; or
  - (v) any other transaction that is deemed by the Administrator(s) in its sole discretion to be a “Change in Control” for the purposes of the Plan.
- (j) “**Common Share**” means a common share in the capital of the Company.
  - (k) “**Company**” means McFarlane Lake Mining Limited. (formerly “1287401 B.C. Ltd.”) and any Successor thereto.
  - (l) “**Compensation Committee**” means the Compensation Committee of the Board.
  - (m) “**Directors’ Deferred Share Unit**” or “**DDSU**” means a right of a Participant, in accordance with the terms and conditions of the Plan, to receive the cash equivalent of the Fair Market Value (determined in accordance with this Plan) of one Common Share.
  - (n) “**Directors’ Deferred Share Unit Account**” or “**DDSU Account**” means a bookkeeping account established by the Company in the name of each Participant holding DDSUs, setting out the number of DDSUs to which the Participant is entitled at any particular time.
  - (o) “**Director**” means a person who is elected, appointed or otherwise lawfully serves as a member of the Board.
  - (p) “**Distribution**” means, with respect to the Common Shares, a dividend or other distribution of money or property to all or substantially all holders of Common Shares.
  - (q) “**Dividend Reinvestment**” means the notional acquisition, as of the payment or distribution date for any Distribution, of any additional Common Shares so distributed, or in the case of a Distribution of any other property, means the notional purchase of additional Common Shares, at Fair Market Value determined as of the applicable payment or distribution date, with the notional payment or distribution proceeds (valued, in the case of proceeds paid or distributed in property other than money, at fair market value as determined by the Administrator(s) in its discretion).
  - (r) “**Effective Date**” means January 14, 2022, being the effective date for commencement of the Plan, as amended by and pursuant to a resolution of the Board on January 24, 2023.
  - (s) “**Exchange**” means the Neo Exchange Inc., or if the Common Shares are not listed on the Neo Exchange Inc., such other stock exchange on which the Common Shares are listed, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market.

- (t) **“Fair Market Value”** means the fair market value of a Common Share which shall be equal to the volume weighted average trading price of a Common Share on the Exchange for the five Business Days on which Common Shares traded on such exchange immediately preceding the applicable date; provided that in the event that Common Shares are not listed and posted for trading on any stock exchange, the Fair Market Value of a Common Share shall be the fair market value of a Common Share as determined by the Administrator(s) in its sole discretion.
- (u) **“Final Redemption Date”** means with reference to a Participant, the last Trading Day of the Redemption Period applicable to the Participant.
- (v) **“Grant Date”** means the date on which a DDSU is granted to a Participant.
- (w) **“Participant”** means a Director who is eligible to participate in the Plan in accordance with Article III.
- (x) **“Plan”** means this DDSU Plan and **“Article”**, **“Section”**, and **“Subsection”** refer to the corresponding article, section or subsection of this Plan.
- (y) **“Redemption Date”** means the date during the Redemption Period as of which a Participant elects in writing pursuant to Section 5.1 of this Plan to redeem his or her DDSUs, which date shall not be earlier than the date of the notice in writing nor later than the Final Redemption Date. In the event a Participant fails to provide the Company with notice in writing redeeming his or her DDSUs prior to the end of the Redemption Period, the Redemption Date shall be deemed to be the Final Redemption Date.
- (z) **“Redemption Period”** has the meaning as set out in Section 5.1 of this Plan.
- (aa) **“Successor”** means any person formed by the merger, amalgamation, consolidation or statutory arrangement of the Company with or into any other person.
- (bb) **“Tax Act”** means the *Income Tax Act* (Canada) as amended from time to time.
- (cc) **“Trading Day”** means any date on which the Exchange is open for the trading of shares.

## ARTICLE II GENERAL

### 2.1 Purpose

The purpose of the Plan is to enhance the Company’s ability to attract and retain talented individuals to serve as Directors and to promote a greater alignment of interests between Directors and the shareholders of the Company through the holding by Directors of instruments that reflect the market value of the Company.

### 2.2 Administration

The Plan shall be administered by the Board, which shall have sole and complete authority to interpret the Plan, to adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan, and to make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Plan. The Board may, in its discretion, delegate such of its powers, rights and duties under the Plan, in whole or in part, to the Compensation Committee or any one or more directors, officers or employees of the Company and/or its subsidiaries as the Board (or, if delegated by the Board to administer the Plan, the Compensation Committee) may determine from time to time, on terms and conditions as it may determine, except the Board and the Compensation Committee shall not, and shall not be permitted to, delegate any such powers, rights or duties to the extent such delegation is not consistent with applicable law. Where the term “**Administrator**” appears in this Plan, it shall be deemed to mean the Board, or the Compensation Committee or such director(s), officer(s), or employee(s) to whom the powers of the Board have been so delegated. Any decision made or action taken by the Board or any delegate arising out of or in connection with the administration or interpretation of the Plan in this context shall be final and conclusive and binding upon the Board, the Participants and all other persons.

### **2.3 Interpretation**

- (a) Whenever the Administrator(s) is to exercise discretion in the administration of terms and conditions of this Plan, the term discretion shall mean their sole and absolute discretion.
- (b) For the purposes of determining the effective date of the occurrence of any event referred to in this Plan, the term “**date**” or “**effective date**” shall refer to the date which may be fixed by the Administrator(s).
- (c) Unless otherwise noted, all dollar amounts in this Plan are in Canadian funds. The Administrator(s) shall, in its discretion, convert, on such basis as it deems appropriate, any amount expressed in any other currency into Canadian currency.
- (d) Upon any payout of the value of any DDSUs pursuant to the terms of the Plan, in particular pursuant to Article V hereof, such DDSUs shall be cancelled without further compensation or payment in any manner whatsoever and upon such cancellation shall be null, void and of no further force or effect.

### **2.4 DDSU Account Statement**

At such times as the Administrator(s) shall determine, but not less than once annually, the Company shall furnish each Participant with a statement setting forth the details of the DDSUs credited to each Participant in his or her DDSU Account.

### **ARTICLE III ELIGIBILITY**

#### **3.1 Participants**

- (a) Every person who is a Director as of the Effective Date shall become a Participant as of that date.
- (b) Subject to Subsection 3.1(c) below, every person who becomes a Director after the Effective Date through election at an Annual Meeting, or who is appointed or elected as a Director other than at an Annual Meeting, shall become a Participant as of the date of election or appointment, as the case may be, provided they are a Director of the Company.
- (c) Every person who is re-elected as a Director at an Annual Meeting and who immediately prior to such re-election was a Participant shall continue to be a Participant.

#### **3.2 Cessation of Participation**

A person ceases to be a Participant at such time as such person ceases to be a Director for any reason.

### **ARTICLE IV GRANTS OF DDSUs AND DDSU ACCOUNTS**

#### **4.1 Grant of DDSUs**

- (a) DDSUs form an important component of the annual Board Compensation for eligible Participants.
- (b) The Administrator(s) shall have the right to grant, in its sole and absolute discretion, DDSUs to any Participants, subject to the terms of this Plan and with such provisions and restrictions as the Administrator(s) may determine, including, but not limited to, provisions and restrictions regarding the number of DDSUs awarded, the vesting conditions of such DDSUs, the conditions, if any, upon which vesting of any DDSUs will be waived or accelerated without further action by the Administrator(s), and the circumstances in which a DDSU will be forfeited, cancelled or expire. Notwithstanding the foregoing, in accordance with Section 5.1, the redemption of DDSUs shall be payable in cash.

#### **4.2 Grant Confirmation**

Each grant of a DDSU shall be confirmed in writing in the form set out on Schedule A or such other form as the Administrator(s) may determine from time to time. Failure to provide a confirmation shall not invalidate the grant of any DDSUs which are reflected in a Participant's DDSU Account.

### **4.3 DDSU Accounts**

The Company shall establish and maintain a DDSU Account for each Participant. The number of DDSUs held by a Participant at any particular time shall be adjusted from time to time in accordance with Article VI of this Plan or as otherwise provided herein.

## **ARTICLE V REDEMPTION OF DDSUs**

### **5.1 Ceasing to be a Director**

When a Participant ceases to be a Director for any reason other than death, each DDSU held by the Participant that has vested in accordance with the terms of such DDSUs will be eligible for redemption for (i) a period of up to 90 days after the date such Participant ceases to be a Director or (ii) such other “reasonable” period as may be determined by the Administrator(s) at the time such DDSUs are granted, which reasonable period cannot be less than 90 days without the agreement of the Participant and cannot be later than December 1<sup>st</sup> of the calendar year following the year in which the Participant ceased to be a Director (the “**Redemption Period**”). During the Redemption Period, the Participant may redeem all or any part of his or her vested DDSUs on one or more occasions by providing notice in writing to the Company, which notice shall state the Redemption Date and the number of DDSUs to be redeemed. Except as provided in Section 5.2, the value of the vested DDSUs credited to a Participant’s DDSU Account shall be determined in accordance with Section 5.4 as of the Redemption Date and shall be payable, net of any applicable withholdings, in cash to the Participant as soon as practicable after the Redemption Date.

### **5.2 Death**

When a Participant ceases to be a Director due to his or her death, the notice contemplated by Section 5.1 of this Plan may be delivered by the Beneficiary. The value of the Participant’s vested DDSUs shall be determined in accordance with Section 5.4 as of the Redemption Date and shall be payable to the Beneficiary, net of any applicable withholdings, as soon as practicable after the Redemption Date.

### **5.3 Effect of Change of Control**

Notwithstanding any other provision of this Plan, in the event of a Change of Control of the Company, for the purposes of Section 5.1, all DDSUs that have been granted shall be deemed to be vested as of the date of the Change of Control.

### **5.4 Valuation**

For purposes of determining the value of DDSUs for payment, under Sections 5.1 and 5.2, to a Participant or where the Participant has died, his or her Beneficiary, in each case, the Participant or Beneficiary shall receive a payment in cash, net of any applicable withholdings, equal to the Fair Market Value of a Common Share multiplied by the number of vested DDSUs (including the

value of any fractional DDSUs) credited to a Participant's DDSU Account. The Fair Market Value of a Common Share for such calculation will be determined for purposes of Sections 5.1 and 5.2 as of the Redemption Date.

## **ARTICLE VI ADJUSTMENTS**

### **6.1 General**

The existence of any DDSUs shall not affect in any way the right or power of the Company or its shareholders:

- (i) to make or authorize any adjustment, recapitalization, reorganization or any other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company;
- (ii) to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto;
- (iii) to effect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business; or
- (iv) to undertake any other corporate act or proceeding, whether of similar character or otherwise.

### **6.2 Reorganization**

Should the Company effect a subdivision or consolidation of Common Shares, the number of DDSUs held by a Participant shall be automatically adjusted, as of the record date for such subdivision or consolidation, in the same proportions as the number of Common Shares is adjusted pursuant to such subdivision or consolidation. Should any other change be made to the Common Shares of the Company which, in the opinion of the Administrator(s), would warrant the replacement of or an adjustment to any existing DDSUs in order to preserve proportionately the rights and obligations of Participants, the Company shall authorize such steps to be taken as may be equitable and appropriate to that end, and upon the Company notifying a Participant of any such action by the Company, the Participant's DDSUs shall be deemed to be adjusted accordingly.

### **6.3 Distributions**

Should the Company fix a record date for a Distribution to holders of Common Shares, the number of DDSUs held by a Participant holding such DDSUs as of such record date shall be automatically adjusted on the applicable payment or distribution date, as if each DDSU held by the Participant immediately prior to the record date was a Common Share, and as if on the payment or distribution



date, the additional Common Shares that would have been received in the Distribution (assuming notional Dividend Reinvestment) were converted back into DDSUs, on a one for one basis.

#### **6.4 Other Events Affecting the Company**

In the event of an amalgamation, combination, merger, Change of Control (actual or, in the opinion of the Administrator(s), pending) or other reorganization involving the Company, by take-over bid, plan of arrangement, exchange of shares, sale or lease of assets, or otherwise, which in the opinion of the Administrator(s) warrants the replacement or modification of any existing DDSUs in order to adjust:

- (i) the number thereof;
- (ii) the manner in which the value of DDSUs shall be calculated; or
- (iii) any other attribute of a DDSU,

in order to preserve the rights and obligations of Participants, the Administrator(s) shall authorize such steps to be taken as may be equitable and appropriate to that end, provided that no alteration pursuant to this paragraph shall be made to the terms of the DDSUs which, in the opinion of the Company's professional advisors, would disqualify this Plan or an entitlement hereunder from being a prescribed plan for the purposes of the definition of "salary deferral arrangement" pursuant to the Tax Act and regulations thereunder, and provided further that no such modification affecting a Participant shall be made after a Change of Control without the written consent of the affected Participant.

#### **6.5 Issue by Company of Additional Shares**

Except as expressly provided in this Plan, the issue by the Company of shares of any class, or securities convertible into shares of any class, for money, services or property either upon direct sale or upon the exercise of rights or warrants to subscribe therefore, or upon conversion of obligations of the Company convertible into such shares or securities, shall not affect, and no adjustment by reason thereof shall be made with respect to:

- (i) the number of DDSUs outstanding at any time;
- (ii) the manner in which the value of DDSUs shall be calculated; or
- (iii) any other attribute of a DDSU.

#### **6.6 Limitation**

Notwithstanding anything herein, a decision of the Administrator(s) in respect of any and all matters falling within the scope of this Article VI shall be final, binding and conclusive and without recourse on the part of any Participant and his or her heirs, legal representatives or Beneficiaries.

## **ARTICLE VII MISCELLANEOUS PROVISIONS**

### **7.1 Legal Requirements**

The Company shall not be obligated to make any payments or take any other action under the Plan if, in the opinion of the Administrator(s) exercising its discretion, such action would constitute a violation by a Participant or the Company of any provision of any applicable statutory, regulatory or policy enactment of any government or government agency, stock exchange or other regulatory authority having jurisdiction over the Company or a Participant. Each Participant agrees, as a condition to receiving DDSUs under the Plan, to comply with all such statutory and regulatory requirements and to furnish the Company with all information and undertakings as may be required to permit such compliance.

### **7.2 Employment or Other Relationship.**

The granting of DDSUs to a Participant shall not impose upon the Company any obligation to retain the Participant in its employ in any capacity or otherwise commence, extend, continue or modify any engagement between the Company and the Participant. For greater certainty, the granting of DDSUs to a Participant shall not impose any obligation on the Company to grant any DDSUs in the future nor shall it entitle the Participant to receive future grants.

### **7.3 Withholding Taxes**

Notwithstanding any other provision contained herein, the Company shall be entitled to withhold from any amount payable to a Participant, either under this Plan or otherwise, such amounts as may be necessary so as to ensure that the Company is in compliance with the applicable provisions of the *Income Tax Act* (Canada) or any other federal, provincial or local law relating to the withholding of tax or other required deductions relating to the settlement of such DDSU. It is the responsibility of the Participant to complete and file any tax returns which may be required within the periods specified in applicable laws as a result of the Participant's participation in the Plan. The Company shall not be held responsible for any tax consequences to a Participant as a result of the Participant's participation in the Plan and the Participant shall indemnify and save harmless the Company from and against any and all loss, liability, damage, penalty or expense (including legal expense), which may be asserted against the Company or which the Company may suffer or incur arising out of, resulting from, or relating in any manner whatsoever to any tax liability in connection therewith.

### **7.4 Rights of Participants**

No Participant or Director shall have any claim or right to be granted DDSUs except in accordance with this Plan, and the granting of same shall not be construed as giving any person a right to be retained as a Director. No Participant shall have any rights as a shareholder of the Company in respect of DDSUs. Subject only to Section 6.3, under no circumstances shall DDSUs be considered Common Shares, nor shall DDSUs entitle any Participant to the exercise of voting rights, the

receipt of dividends or the exercise of any other rights attaching to the ownership of Common Shares.

### **7.5 Non-Transferability**

DDsUs granted under this Plan are non-transferable and no assignment, encumbrance or transfer thereof, whether voluntary, involuntary, by operation of law or otherwise, shall vest any interest or right in such DDsUs whatsoever in any assignee or transferee, but immediately upon any purported assignment or transfer, such DDsUs shall terminate and be of no further effect. Notwithstanding the foregoing, DDsUs may pass to a Beneficiary on death as provided for in Article 5.

### **7.6 Amendment or Discontinuance**

Subject to receipt of any necessary regulatory or other approval, the Administrator(s) may, at any time or from time to time, amend, suspend or terminate the Plan or any provisions thereof in such respects as it, in its sole discretion, may determine appropriate; provided, however, that no amendment, suspension or termination of the Plan shall, without the written consent of any Participant or the Participant's Beneficiary, as applicable, alter or impair any rights or obligations arising from any DDsUs held by a Participant under the Plan; and provided further that no alteration pursuant to this Section 7.6 shall be made to the terms of the DDsUs or this Plan which, in the opinion of the Company's professional advisors, would disqualify the Plan and an entitlement to DDsUs hereunder from being a prescribed plan for the purposes of the definition of "salary deferral arrangement" pursuant to the *Income Tax Act* (Canada) and the regulations thereunder.

### **7.7 Indemnification**

Every Administrator (herein, an "**Indemnified Person**") shall at all times be indemnified and saved harmless by the Company from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, which such Indemnified Person may sustain or incur by reason of any action, suit or proceeding, proceeded or threatened against the Indemnified Person, otherwise than by the Company, for or in respect of any act done or omitted by the Indemnified Person in good faith in respect of the Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein.

### **7.8 Miscellaneous**

The Administrator(s) may adopt and apply rules that, in its opinion, will ensure that the Company will be able to comply with the applicable provisions of any federal, provincial or local law relating to taxes.

**7.9 Effective Date**

This Plan is effective as of January 14, 2022, as amended by and pursuant to a resolution of the Board on January 24, 2023.

**7.10 Governing Law**

This Plan is created under and shall be governed, construed and administered in accordance with the laws of the Province of Ontario and the laws of Canada as applicable therein.

\* \* \* \* \*

**SCHEDULE A**  
**GRANT CONFIRMATION**

TO: (the “Participant”)

Pursuant to the Directors’ Deferred Share Unit Plan (the “Plan”) of McFarlane Lake Mining Limited. (the “Company”) dated January 14, 2022, as amended, the Company confirms that following grant of DDSUs to the Participant. All capitalized terms used in this Grant Confirmation have the meanings given to them in the Plan.

\_\_\_\_\_ Director DSUs

**Grant Date:** \_\_\_\_\_ , \_\_\_\_\_

**Vesting and other conditions:** \_\_\_\_\_

The granting and redemption of the DDSUs are subject to the terms and conditions of the Plan. The undersigned Participant acknowledges having received (or accessed electronically) a copy of the Plan and agrees to be subject to the terms and conditions of the Plan.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_ , \_\_\_\_\_ .



Per: \_\_\_\_\_  
Authorized Signatory

The undersigned Participant hereby acknowledges and agrees to the foregoing this this \_\_\_\_\_ day of \_\_\_\_\_ , \_\_\_\_\_ .

**Beneficiary Designation**

In the event of my death while I am still a Participant in the Plan, I hereby designate \_\_\_\_\_ my Beneficiary for all Director DSUs outstanding.

The effect of this designation shall be to cancel all previous designations made by me in respect of this Plan.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**Participant name:**