

EVOLVING GOLD  
CORP

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**TAKE NOTICE** that an annual and special meeting (the “**Meeting**”) of the Shareholders of EVOLVING GOLD CORP. (the “**Company**”) will be held in the Boardroom of Owen Bird Law Corporation, 29<sup>th</sup> Floor, 595 Burrard Street, Vancouver, British Columbia, on **Tuesday, February 22, 2022**, at 10:00 a.m. (Vancouver time). In the event the Company decides to change the date, time, location and/or format of the Meeting to electronic or virtual as part of the efforts to reduce the spread of COVID-19, the Company will issue a press release announcing the change and take all reasonable steps necessary to inform all parties involved in the proxy infrastructure, including intermediaries and the Company’s transfer agent, of the change. The Company encourages all shareholders to vote by proxy and also to monitor the Company’s profile on SEDAR for any changes to Meeting arrangements. The Meeting will be held for the following purposes:

1. To receive the audited financial statements of the Company for the fiscal years ended March 31, 2018, 2019, 2020 and 2021, together with the Auditor’s reports thereon.
2. To consider and, if thought advisable, approve with or without variation, an ordinary resolution to set the number of current directors for the ensuing year at three (3);
3. To elect each of Charles E Jenkins, William Majcher and David Velisek as directors of the Company, to hold such office until the earlier of the next annual general meeting of Shareholders or the date of closing of the Company’s acquisition of all of the issued and outstanding securities of all of the outstanding share capital of Elephant Capital Corp. (the “**Transaction**”).
4. To elect, conditional on and effective upon the closing of the Transaction, each of Adam Cegielski, Joel Shacker and Stephen Goodman as directors of the Company, to take effect only in the event that the Transaction is completed.
5. To re-appoint Smythe LLP, Chartered Professional Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix the auditor’s remuneration.
6. To appoint Crowe MacKay LLP, Chartered Professional Accountants, as auditors of the Company, to take effect only in the event that the Transaction is completed.
7. To approve by special resolution, the Company’s proposed acquisition of Elephant Capital Corp., as described in the accompanying Information Circular.
8. To approve the adoption of a new equity incentive plan.
9. To transact such other business as may be properly brought before the Meeting.

Accompanying this Notice is an Information Circular dated January 20, 2022, a form of proxy or voting instruction form, and a reply card for use by shareholders who wish to receive the Company’s interim and/or annual financial statements. The accompanying Information Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

**Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Information Circular.**

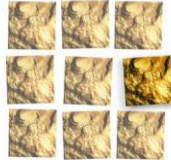
**Non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you are not a registered shareholder.**

**DATED** at Vancouver, British Columbia, this 20<sup>th</sup> day of January, 2022.

ON BEHALF OF THE BOARD

*“Charles E. Jenkins”*

**Charles E. Jenkins**  
Chief Executive Officer



EVOLVING GOLD  
CORP

## INFORMATION CIRCULAR

### FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 22, 2022

This information is given as of January 20, 2022 unless otherwise noted.

#### PERSONS MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of EVOLVING GOLD CORP. (the “**Company**”) for use at the Annual and Special Meeting (the “**Meeting**”) of the shareholders of the Company, to be held on **Tuesday, February 22, 2022**, at the time and location and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

Except as noted below, the Company has distributed or made available for distribution, copies of the Notice, the Information Circular and form of proxy or voting instruction form (“**VIF**”) (if applicable) (the “**Meeting Materials**”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”) for distribution to Beneficial Shareholders (as defined below) whose common shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Company is sending proxy-related materials indirectly to NOBOs (as defined below) through the Intermediaries. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Company if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Company will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Company is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered shareholders or Beneficial Shareholders.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for such shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Company’s transfer agent and registrar, Computershare Investor Services Inc., Proxy Department, by fax within North America at 1-866-249-7775, outside North America at 416-263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment thereof, or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered shareholder or his, her or its attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the shareholder or by such shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:

- (i) at the registered office, Suite 2900 – 595 Burrard Street, Vancouver, BC, V7X 1J5, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof; or
  - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

### **EXERCISE OF DISCRETION BY PROXIES**

The persons named in the accompanying form of proxy will vote the common shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. The common shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted on, the common shares will be voted accordingly. **In the absence of such direction, where the management nominees are appointed as proxyholder, such common shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of common shares, or non-objecting beneficial owners (“NOBOs”) whose names have been provided to the Company’s registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of shareholders who do not hold their common shares in their own name (referred to in this section as “Beneficial Shareholders”). If common shares are listed in an account statement provided to a shareholder by an Intermediary, then in almost all cases those common shares will not be registered in such shareholder’s name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder’s Intermediary or an agent of that Intermediary. In Canada, the vast majority of such common shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting common shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Company to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically mails the VIFs or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the VIFs or proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy or VIF from Broadridge cannot use that proxy to vote common shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their common shares in that capacity.

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert his or her name (or the name of the person that the NOBO wants to attend and vote on the NOBO's behalf) in the space provided on the VIF and return it to the Company or its transfer agent. If the Company receives a written request that the NOBO or its nominee be appointed as proxyholder, if management is holding a proxy with respect to common shares beneficially owned by such NOBO, the Company will arrange, without expense to the NOBO, to appoint the NOBO or its nominee as proxyholder in respect of those common shares. Under NI 54-101, unless corporate law does not allow it, if the NOBO or its nominee is appointed as proxyholder by the Company in this manner, the NOBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. If the Company receives such instructions at least one business day before the deadline for submission of proxies, it is required to deposit the proxy within that deadline, in order to appoint the NOBO or its nominee as proxyholder. **If a NOBO requests that the NOBO or its nominee be appointed as proxyholder, the NOBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the NOBO's vote to be counted.**

**NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact their Intermediary to arrange to change their vote. NOBOs should carefully follow the instructions of their Intermediaries, including those regarding when and where to complete the VIFs that are to be returned to their Intermediaries.**

Should an objecting beneficial owner (an "OBO") wish to attend and vote at the Meeting in person, the OBO should insert his or her name (or the name of the person the OBO wants to attend and vote on the OBO's behalf) in the space provided for that purpose on the request for voting instructions form and return it to the OBO's Intermediary or send the Intermediary another written request that the OBO or its nominee be appointed as proxyholder. The Intermediary is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or its nominee as proxyholder in respect of the OBO's common shares. Under NI 54-101, unless corporate law does not allow it, if the Intermediary makes an appointment in this manner, the OBO or its nominee, as applicable, must be given authority to attend, vote and otherwise act for and on behalf of the Intermediary (who is the registered shareholder) in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. An Intermediary who receives such instructions at least one business day before the deadline for submission of proxies is required to deposit the proxy within that deadline, in order to appoint the OBO or its nominee as proxyholder. **If an OBO requests that an Intermediary appoint the OBO or its nominee as proxyholder, the OBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the OBO's vote to be counted.**

**OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered. Only registered shareholders have the right to revoke a proxy. OBOs who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.**

Shareholders with questions respecting the voting of shares held through an Intermediary should contact that Intermediary for assistance.

All references to shareholders in this Information Circular and the accompanying form of proxy and Notice are to shareholders of record unless specifically stated otherwise.

#### **NOTE TO NON-OBJECTING BENEFICIAL OWNERS**

The Meeting Materials are being sent to both registered shareholders and NOBOs. If you are a NOBO, and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of common shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of common shares without par value.

The Company has fixed the close of business on December 24, 2021 as the record date (the “Record Date”) for the purposes of determining shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 2,256,999 common shares were issued and outstanding. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each common share of which he, she or it is the holder. The Company has no other classes of voting securities.

In accordance with the provisions of the *Business Corporations Act* (British Columbia), the Company will prepare a list of the holders of common shares on the Record Date. Each holder of common shares named on the list will be entitled to vote the common shares shown opposite his, her or its name on the list at the Meeting.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

The above information was provided by management of the Company and the Company’s registrar and transfer agent as of the Record Date.

## QUORUM AND VOTES NECESSARY TO PASS RESOLUTIONS

Under the Company’s Articles, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued common shares entitled to be voted at the Meeting. A simple majority of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required in order to pass an ordinary resolution. A majority of two-thirds of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required to pass a special resolution.

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

Other than as disclosed elsewhere in this Information Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, save and except for those matters pertaining to the election of directors and the Company’s stock option plan.

## PROPOSED ACQUISITION OF ELEPHANT CAPITAL CORP.

On October 29, 2021, the Company announced that it had entered into a letter of intent (the “**Letter**”) to acquire (the “**Transaction**”) all of the outstanding share capital of Elephant Capital Corp. (“**Elephant Capital**”). Elephant Capital is an arms’-length resource exploration company, established under the laws of the Province of British Columbia. Elephant Capital holds the rights to acquire all of the outstanding share capital of Cibola Resources LLC., which controls the rights to a lease of a mineral property comprising approximately 6,700 acres of mineral rights and 5,700 acres of surface rights located in west-central New Mexico and commonly referred to as the “Cebolleta Uranium Project” (the “**Project**” or “**Cebolleta**”). Cebolleta is an advanced exploration uranium project located within the Grants Mineral Belt of New Mexico; an area that is host to one of the largest concentrations of sandstone-hosted uranium in the world.

In accordance with the terms of the Transaction, all existing common shares of Elephant Capital will be exchanged for an equivalent number of common shares of the Company. Elephant currently has 43,733,001 common shares outstanding. Prior to completion of the Transaction, Elephant Capital is required to issue a further 11,308,250 common shares to enCore Energy Corp. (TSXV: EU) to complete the acquisition of the Project and a further 1,500,000 common

shares to certain arms-length finders in consideration for introducing the Project to Elephant Capital. No cash consideration is payable by the Company to Elephant Capital in connection with completion of the Transaction.

In connection with completion of the Transaction, the Company intends to undertake a non-brokered private placement (the “**Concurrent Financing**”) of no less than 6,000,000 subscription receipts (each, a “**Receipt**”) at a price of \$0.50 per Receipt to raise no less than \$3,000,000. All proceeds from the Concurrent Financing will be held in escrow pending completion of the Transaction and will be returned to subscribers in the event the Transaction is not completed. Upon completion of the Transaction, each Receipt will automatically convert into one common share of the Company. All securities issued in connection with the Concurrent Financing, will be subject to a four-month-and-one-day statutory hold period.

No finders’ fees or commissions are payable in connection with the Transaction, although finders’ fees may be paid in connection with the Concurrent Financing. On closing of the Transaction, it is anticipated that the Company will change its name to “Future Fuel Corporation” and will reconstitute its board and management to consist of nominees of Elephant Capital.

Completion of the Transaction is subject to a number of conditions, including the completion of satisfactory due diligence, the negotiation and finalization of definitive documentation, completion of the Concurrent Financing, receipt of any required regulatory and third-party consents, approval of the Company’s shareholders and the Canadian Securities Exchange (the “**CSE**”).

The Company is also seeking shareholder approval, conditional upon closing the Transaction, to the appointment of new directors, the appointment of new auditors, and the adoption of a new long-term incentive plan, all as more particularly described herein.

The Transaction cannot close until the required approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all. Trading in the Company’s common shares is currently halted, and it is anticipated that trading will remain halted until completion of the Transaction.

## **STATEMENT OF EXECUTIVE COMPENSATION**

For the purpose of this Information Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officer**” or “**NEO**” means: (a) a CEO; (b) a CFO; (c) the Company’s most highly compensated executive officers, including any of the Company’s subsidiaries, or the most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the financial years ended March 31, 2018 to March 31, 2021, the Company had two Named Executive Officers, namely R. Bruce Duncan, CEO (to November 12, 2020), and Charles E. Jenkins, CFO. Mr. Jenkins was appointed CEO on November 19, 2020 following the passing of Mr. Duncan.

*All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.*

## Description of Director and Named Executive Officer Compensation

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. The Compensation Committee, on behalf of the board of directors (the “**Board**”), monitors compensation for the NEOs of the Company. The Company’s Compensation Committee is currently composed of two independent directors – William (Bill) Majcher (Chair) and David Velisek.

There is no written Compensation Committee Charter. However, as a general statement, the Compensation Committee is responsible for assisting the Board in monitoring, reviewing and approving compensation policies and practices of the Company and its subsidiaries and administering the Company’s stock option plan. With regard to the CEO, the Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to the CEO’s compensation, evaluating the CEO’s performance in light of those goals and objectives and making recommendations to the Board with respect to the CEO’s compensation level based on this evaluation. In consultation with the CEO, the Compensation Committee makes recommendations to the Board on the framework of executive remuneration and its cost and on specific remuneration packages for each of the directors and officers other than the CEO, including recommendations regarding awards under equity compensation plans. The Compensation Committee’s decisions are typically reflected in consent resolutions.

During the financial years ended March 31, 2018 to March 31, 2021, no salary increases were awarded and the Company paid no bonuses due to market conditions. For the most part, salaries were accrued and not paid. See “Table of Compensation” below for information on the unpaid accrued management fees during the financial years ended March 31, 2018 to March 31, 2021. Given the evolving nature of the Company’s business, the Board continues to review and redesign its overall compensation plan for senior management so as to continue to address its objectives.

The Compensation Committee has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers), but it did not retain any such outside consultants or advisers during the financial years ended March 31, 2018 to March 31, 2021.

### Stock Options

Performance-based incentives are granted by way of stock options. The awards are intended to align executive interests with those of shareholders by tying compensation to share performance and to assist in retention through vesting provisions. Grants of stock options are based on:

- (a) the executive’s performance;
- (b) the executive’s level of responsibility within the Company;
- (c) the number and exercise price of options previously issued to the executive;
- (d) the difference between the executive’s salary and that paid by comparable companies; and
- (e) the overall aggregate total compensation package provided to the executive.

Options are typically granted on an annual basis in connection with the review of executives’ compensation packages. Options may also be granted to executives upon hire or promotion and as special recognition for extraordinary performance.

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

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long-term compensation for services paid to or earned by each NEO and director for the four financial years ended March 31, 2018 to 2021, excluding compensation securities.



Name and position	Year	Salary, consulting fee, retainer or commission <sup>1</sup> (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Charles E. Jenkins</b> <sup>2</sup> <i>Director, CEO, CFO and Corporate Secretary</i>	2021	60,000	nil	nil	nil	nil	60,000
	2020	60,000	nil	nil	nil	nil	60,000
	2019	60,000	nil	nil	nil	nil	60,000
	2018	60,000	nil	nil	nil	13,326	73,326
<b>William Majcher</b> <i>Director</i>	2021	nil	nil	nil	nil	nil	nil
	2020	nil	nil	nil	nil	nil	nil
	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
<b>David Velisek</b> <sup>3</sup> <i>Director</i>	2021	nil	nil	nil	nil	nil	nil
	2020	n/a	n/a	n/a	n/a	n/a	n/a
	2019	n/a	n/a	n/a	n/a	n/a	n/a
	2018	n/a	n/a	n/a	n/a	n/a	n/a
<b>R. Bruce Duncan</b> <sup>4</sup> <i>Former CEO, Director</i>	2021	56,250	nil	nil	nil	nil	56,250
	2020	90,000	nil	nil	nil	nil	90,000
	2019	90,000	nil	nil	nil	5,696	95,696
	2018	90,000	nil	nil	nil	19,990	109,990
<b>Robert N. Horsley</b> <sup>5</sup> <i>Former Director</i>	2021	nil	nil	nil	nil	nil	nil
	2020	nil	nil	nil	nil	nil	nil
	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil

- For the fiscal years ended March 31, 2018 to 2020, the above noted fees were accrued and not paid to the NEOs. Certain fees have been paid and accrued balances will likely be paid upon completion of the Transaction
- Mr. Jenkins has served as CFO and Corporate Secretary of the Company since December 22, 2010, and was appointed CEO and a director on November 19, 2020.
- Mr. Velisek was appointed as a director of the Company on January 19, 2021.
- Mr. Duncan served as a director of the Company from May 21, 2010 to November 12, 2020 and CEO from February 22, 2012 to November 12, 2020.
- Mr. Horsley served as a director of the Company from March 4, 2014 to January 19, 2021.

### Stock Options and Other Compensation Securities

The Company did not grant any stock options to any director or NEO in the financial years ended March 31, 2021, 2020, or 2019.

During the fiscal year ended March 31, 2018, the Company granted 225,000 stock options (22,500 post-consolidated) at an exercise price of \$0.20 per share (pre-consolidated - \$2.00 per share post-consolidated) to R. Bruce Duncan, the Company's CEO and Director. The options vested upon grant and expired unexercised on November 12, 2021, being one year following the passing of Mr. Duncan.

### Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by any director or NEO of the Company during any of the financial years ended March 31, 2021, 2020, 2019 or 2018.

### Stock Option Plans and Other Incentive Plans

The only stock option plan or other incentive plan the Company currently has in place is a 10% "rolling" stock option plan (the "Plan"). The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and

consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

The material terms of the Plan are as follows:

1. The term of any options granted under the Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.
2. The exercise price of any options granted under the Plan will be determined by the Board, in its sole discretion, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options.
3. Vesting of options shall be at the discretion of the Board.
4. All options will be non-assignable and non-transferable.
5. No more than (i) 5% of the issued shares may be granted to any one individual in any 12 month period; and (ii) no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
6. If the option holder ceases to be a director of the Company (other than by reason of death), then the option granted shall expire on no later than the 90<sup>th</sup> day following the date that the option holder ceases to be a director of the Company, subject to the terms and conditions set out in the Plan. If the option holder is engaged in investor relations activities or ceases to be an employee, consultant or management company employee of the Company (other than by reason of death), then the option granted shall expire on no later than the 30<sup>th</sup> day following the date that the option holder ceases to be employed or contracted by the Company, subject to the terms and conditions set out in the Plan.
7. Options cannot be amended once granted.
8. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.
9. The Plan contains a black-out provision restricting all or any of the Company's directors, officers, employees, insiders or persons in a special relationship to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
10. The Board reserves the right in its absolute discretion to terminate or suspend the Plan with respect to all shares in respect of options which have not yet been granted under the Plan.

As at the date of this Information Circular, there were no options outstanding. Based on the Company having 2,256,999 shares outstanding (as of the Record Date), 225,699 options could be granted under the Plan.

The Company is proposing to adopt a new equity incentive plan. For details of the new plan, see "*Particulars of Matters to be Acted Upon – Approval of New Equity Incentive Plan*" below.

The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

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

The executive employment agreements that the Company has entered into with each of R. Bruce Duncan and Charles E. Jenkins (together, the "Executive Employment Agreements") contain similar termination and change of control benefits. On April 28, 2014, those contracts were amended to reduce the termination provisions whereby on any termination without cause or resulting from a change of control of the Company, each NEO will be entitled to receive a six month payout. The Company's Executive Employment Agreement with R. Bruce Duncan subsequently terminated on November 12, 2020.

### **Pension disclosure**

The Company does not provide any form of pension to any of its directors or Named Executive Officers.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As of March 31, 2021 there were 112,400 options outstanding. Subsequently, all outstanding options expired, unexercised. The following table provides information regarding the number of common shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Stock Option Plan as at March 31, 2021:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options #	Weighted-average exercise price of outstanding options \$	Number of Common Shares remaining available for future issuance under equity compensation plans <sup>1</sup> #
Equity compensation plans approved by security holders	112,400	4.40	113,300
Equity compensation plans not approved by security holders	n/a	n/a	n/a
<b>Total</b>	112,400	4.40	113,300

1. Based on the total number of shares authorized for issuance under the Company's Stock Option Plan, (there being 2,257,000 shares outstanding as at March 31, 2021), less the number of stock options outstanding as at March 31, 2021.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the last completed financial year was any current director, executive officer or employee or any former director, executive officer or employee of the Company, or any proposed nominee for election as a director of the Company:

- (a) indebted to the Company; or
- (b) indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

other than routine indebtedness.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The term "informed person" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means a director or executive officer of the Company, or any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction or in any proposed transaction during the 2021 financial year which has materially affected or will materially affect the Company or any of its subsidiaries.

## AUDIT COMMITTEE

Pursuant to the policies of the CSE and the provisions of section 224 of the *Business Corporations Act* of British Columbia, the Company is required to have an Audit Committee comprised of at least three directors, the majority of which must not be officers or employees of the Company.

The Company must also, pursuant to the provisions of National Instrument 52-110 *Audit Committees* ("NI 52-110"), have a written charter, which sets out the duties and responsibilities of its audit committee. In providing the following

disclosure, the Company is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers.

### **Audit Committee’s Charter**

The Company’s Audit Committee Charter is set out in Schedule “A” hereto.

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

The Company’s Audit Committee is currently comprised of the following directors:

William Majcher (Chair)	Independent <sup>1</sup>	Financially literate <sup>1</sup>
David Velisek	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Charles Jenkins	Not Independent <sup>1</sup>	Financially literate <sup>1</sup>

1. As defined by NI 52-110.

### **Relevant Education and Experience**

In addition to each member’s general business experience, each of the Audit Committee members has the ability to read and understand financial statements and held director and/or officer positions with other reporting issuers in the mineral exploration and mining sector where he has been actively involved in financing and fundraising activities.

Each of the Company’s Audit Committee members has been a director or officer of several public companies in the natural resource sector and as a director has been responsible for approving financial statements.

#### William Majcher

Mr. Majcher is presently a principal of Majcher Corporation Limited, a Hong Kong based advisory firm catering to the financial industry. Mr. Majcher is also a partner with First Pathway Partners, a U.S. based EB5 Fund platform. He sits on the board as an independent director of Chanceton Financial Limited, a company listed on the Hong Kong Stock Exchange. Mr. Majcher also sits on the board of a private Alberta based oil and gas development company and a private China based E-Commerce company. Mr. Majcher has over 25 years of combined experience in public service, international finance, and capital markets. His background includes management, public stewardship, structured finance, emerging markets, product development, strategic planning and risk management. Mr. Majcher was employed for 22 years with the Royal Canadian Mounted Police. He retired with the rank of Inspector and Officer in charge of capital markets enforcement in Western Canada. Mr. Majcher has experience as a futures and options broker and trader and has lectured extensively on abuse within the international capital markets, including sophisticated money laundering.

#### David Velisek

Mr. Velisek is currently employed with Baron Global Financial Canada Ltd. as Manager, Corporate Development. This firm provides financial advisory services to private and public companies. Mr. Velisek has also been involved in capital markets for over twenty-five years in investor relations, as a trader of equities, options and futures as well as an investment advisor and has been a director and/or officer of several public companies listed on the CSE and TSX Venture Exchange. Mr. Velisek obtained financial experience through his years of analysing financial statements and performance measurement ratios during his years as an investment advisor.

#### Charles Jenkins

Mr. Jenkins has broad experience in accounting, banking, securities regulation and corporate finance. He has served as the CFO for a number of public companies, including Minerva Intelligence Inc., Kona Bay Technologies, White Mountain Titanium, and others. Prior to his involvement with public companies, he worked in corporate finance with brokerage houses in Vancouver and Calgary. Mr. Jenkins holds a Bachelor of Arts from the University of Victoria, and is a member of CPA BC.

### Audit Committee Oversight

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

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last four fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees <sup>1</sup>	Tax Fees <sup>2</sup>	All Other Fees <sup>3</sup>
2021	\$20,000	nil	\$2,500	nil
2020	\$20,000	nil	\$2,500	nil
2019	\$25,000	nil	\$5,000	nil
2018	\$32,000	nil	\$9,000	nil

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### Board of Directors

The Board is currently composed of three directors, Charles Jenkins, William Majcher and David Velisek, all of whom will be standing for re-election as directors at the Meeting.

NI 58-101 suggests that the Board of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NP

58-101 suggests that the Board should include a number of directors who do not have interests in either the company or the significant shareholder. All of the current members of the Board are considered “independent” within the meaning of NI 52-110, except for Charles Jenkins. Mr. Jenkins is not considered to be independent as he is the CEO and CFO of the Company, and therefore a member of management. The independent directors will exercise their responsibility for independent oversight of management.

Board consideration and approval is required for all material contracts, business transactions and all debt and equity financing proposals. The Board delegates to management, through the CEO, responsibility for meeting defined corporate objectives, evaluating new business opportunities and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives.

The directors believe that, at this early stage of the Company’s development, the current composition of the Board adequately facilitates its exercise of independent supervision over management. The Board anticipates that as the Company matures as a business enterprise, it will identify additional qualified candidates that have experience relevant to the Company’s needs, who are independent of management applying the guidelines contained in applicable legislation.

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the four financial years ended March 31, 2021.

### Directorships

Certain of the Company’s directors are also directors of other reporting companies, as follows:

Director	Other Reporting Issuer(s)	Exchange
William Majcher	Chanceton Financial VBG International Yorkshine Group	Hong Kong Stock Exchange Hong Kong Stock Exchange Hong Kong Stock Exchange and Stock Exchange of Singapore
David Velisek	Cognetivity Neurosciences Ltd. Trillium Gold Mines Inc.	CSE TSX Venture Exchange

### Orientation and Continuing Education

New directors are briefed on the Company’s overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. There is no formal orientation for new members of the Board. This is considered to be appropriate, given the Company’s size and current level of operations, the ongoing interaction amongst the directors and the low director turn-over. However, if the growth of the Company’s operations warrants it, it is possible that a formal orientation process would be implemented.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector. Board members are encouraged to communicate with management and auditors to keep themselves current with industry trends and developments and changes in legislation, with management’s assistance. The directors are advised that, if a director believes that it would be appropriate to attend any continuing education event for corporate directors, the Company will pay for the cost thereof. Board members have full access to the Company’s records. Reference is made to the table under the heading “Election of Directors” for a description of the current principal occupations of the members of the Board.

## **Ethical Business Conduct**

The Board has not adopted a written Code of Ethical Conduct for its directors, officers and employees at this time. The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates in the best interests of the Company and its shareholders.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the British Columbia *Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

## **Nomination of Directors**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve.

## **Board Committees**

The Company has established three Board committees:

*Audit Committee* – comprising of William Majcher (Chair), David Velisek and Charles Jenkins

*Compensation Committee* – comprising of William Majcher and David Velisek

*Corporate Governance Committee* – comprising of William Majcher and David Velisek

All Board decisions are made by full board of director meetings or consent resolutions.

## **Assessments**

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted. See "Statement of Executive Compensation - Employment, consulting and management agreements".

## **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the fiscal years ended March 31, 2021, 2020, 2019 and 2018 together with the reports of the auditor, and related management discussion and analysis (together, the "financial statements") will be placed before the Meeting for discussion. No formal action will be taken at the Meeting to approve the financial statements.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**A. Fixing the Number of Directors**

As noted above, the Company has entered into the Letter to acquire all of the outstanding share capital of Elephant Capital. Upon completion of the Transaction, it is proposed the Company will reconstitute its board and management to consist of nominees of Elephant Capital. As such, at the Meeting, management is proposing that shareholders will re-elect the current board of directors of the Company (the “**Current Board**”) who will continue to act until closing of the Transaction, as well as appointing new directors to take effect upon completion of the Transaction (the “**Post-Transaction Board**”).

Accordingly, it is proposed that shareholders approve a resolution (the “**Board Resolution**”) to set the number of directors of the Company at three (3), subject to such increases as may be permitted by the Articles of the Company.

Unless otherwise indicated, the persons named in the accompanying form of proxy intend to vote in favour of the Board Resolution.

**The Board unanimously recommends that shareholders vote FOR the Board Resolution at the Meeting.**

**B. Election of Directors**

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed.

The Company has nominated each of Charles Jenkins, William Majcher and David Velisek, each current directors of the Company, for re-election, to comprise the Current Board. In addition, and subject to the completion of the Transaction, the Company has nominated each of Adam Cegielski, Joel Shacker and Stephen Goodman to comprise the Post-Transaction Board.

Shareholders will be asked to pass the following ordinary resolutions to re-elect the Current Board, and to appoint the Post-Transaction Board upon the completion of the Transaction, substantially in the following form:

**“BE IT RESOLVED THAT:**

1. the election of each of Charles Jenkins, William Majcher and David Velisek, individually and not as a slate, as directors of the Company to hold office until the earlier of (i) the next annual meeting of the shareholders, and (ii) the date on which the Transaction is completed, is hereby approved; and
2. subject to, and conditional upon, completion of the Transaction, the election of each of Adam Cegielski, Joel Shacker and Stephen Goodman , individually and not as a slate, as directors of the Company, to hold office until the next annual general meeting of the shareholders, or until their successors are duly elected or appointed, is hereby approved.”

**In the absence of instructions to the contrary, the proxyholders intend to vote the common shares represented by each Proxy, properly executed, FOR the above resolutions.**

Management does not contemplate that any of the nominees comprising either of the Current Board or the Post-Transaction Board will be unable to serve as a director. However, if that should occur for any reason prior to the Meeting, it is intended that the discretionary authority will be exercised by the proxyholders to vote the common shares represented by each Proxy, properly executed, **FOR** the election of any other person or persons in place of any nominee or nominees unable to serve, unless authority to do so with respect to the nominee or nominees unable to serve is withheld.



**Information Concerning Nominees for the Current Board**

The following table sets out required information regarding the persons nominated by Management for election as a director to the Current Board. No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

<b>Name, Province/State and Country of Residence and Other Positions, if any, held with the Company</b>	<b>Date First Became a Director</b>	<b>Principal Occupation</b>	<b>Number of Shares<sup>1</sup></b>
<b>CHARLES E. JENKINS<sup>2</sup></b> British Columbia, Canada <i>CEO, CFO, Corporate Secretary and Director</i>	November 19, 2020	CEO of the Company since November 19, 2020 and CFO/Corporate Secretary since December 22, 2010; CFO of Minerva Intelligence Inc. and Kona Bay Technologies, both public companies;	79,775
<b>WILLIAM MAJCHER<sup>2,3</sup></b> Hong Kong, China <i>Director</i>	September 21, 2007	Principal of Majcher Corporation Limited, a Hong Kong based advisory firm catering to the financial industry, and EMIDR Limited, a Corporate Risk Advisory Firm. Formerly Executive Director of China Investment Fund (October 2007 to January 2013). Director of several private and public companies based in Canada, Hong Kong and China.	nil
<b>DAVID VELISEK<sup>2,3</sup></b> British Columbia, Canada <i>Director</i>	March 5, 2014	Manager, Business Development of Baron Global Financial Canada, a firm providing financial advisory services to private and public companies (from 2009 to present).	25,000

1. Information as to voting shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
2. Member of Audit Committee.
3. Member of Compensation Committee and Corporate Governance Committee.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

**Information Concerning Nominees for the Post-Transaction Board**

The following table sets out required information regarding the persons being put forward for election as directors on the Post-Transaction Board. No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity, or in connection with the Transaction.

<b>Name, Province/State and Country of Residence and Other Positions, if any, to be held with the Company</b>	<b>Date First Became a Director</b>	<b>Number of Shares<sup>1</sup></b>
<b>ADAM CEGIELSKI<sup>2,3</sup></b> Ontario, Canada <i>Proposed Director</i>	Not Applicable	nil

Name, Province/State and Country of Residence and Other Positions, if any, to be held with the Company	Date First Became a Director	Number of Shares <sup>1</sup>
<b>JOEL SHACKER<sup>2,3</sup></b> British Columbia, Canada <i>Proposed Director</i>	Not Applicable	nil
<b>STEPHEN GOODMAN<sup>2,3</sup></b> Ontario, Canada <i>Proposed Director</i>	Not Applicable	nil

1. None of the proposed directors who will constitute the Post-Transaction Board hold any Shares of the Company; but will hold shares of the Company following completion of the Transaction.
2. Proposed member of Audit Committee.
3. Proposed member of Compensation Committee and Corporate Governance Committee.

### ***Biographical Information of the New Post-Transaction Board***

#### **Joel Shacker – Proposed Director**

Mr. Shacker has worked extensively in the cannabis and finance space over the past six years and has sat on several boards of publicly traded companies. He led the expansion of the publicly traded companies into international cannabis markets, and has overseen and developed cannabis operations from the ground up. Mr. Shacker is currently a director of Elephant Capital and the CEO and a director of Core One Labs Inc., an emerging biotechnology research and development company in the psychedelics as alternative medicines space. Mr. Shacker holds an Honours Business Administration degree from Ivey Business School specializing in finance (2013).

Mr. Shacker is also a director and/or officer of the following reporting companies:

- Happy Gut Brands Limited (Director) – CSE
- Thoughtful Brands Inc. (Director and President) - CSE
- Gold Line Resources Ltd. (Director) – TSX Venture Exchange
- Core One Labs Inc. (Director and CEO) - CSE

#### **Adam Cegielski – Proposed Director**

Mr. Cegielski has over 20 years of experience in the venture capital industry ranging from mineral exploration, technology, health care and education. He started his career developing an industrial mineral project in Uganda that was later sold to Rio Tinto. Mr. Cegielski was the founding director of Cayden Resources, which was sold to Agnico Eagle Mines for \$205-million. He is the founder, CEO and director of Binovi Technology Corp, a neuro-technology company driving higher levels of human performance through the use of Binovi technology.

Mr. Cegielski is also the CEO and a director of Gold Line Resources Ltd., a public company listed on the TSX Venture Exchange.

#### **Stephen Goodman – Proposed Director**

Mr. Goodman has over 17 years of international experience in the financial services industry. He specializes in international transaction origination and execution primarily in the natural resources (metals and mining & energy), financial technology (fintech), asset management and special situations sectors. In 2009 Mr. Goodman worked in Institutional Sales with SMH Capital based in New York; followed by a move to investment banking with focus on metals and mining at Casimir Capital LP. In 2011, he joined Knight Capital Group to build out the Investment Banking division with a continued focus on natural resources. With the banking team from Knight, he moved to KGS Alpha Capital Markets. Hired by his client in 2014, Stephen moved to the industry side of the resources sector as the President, CEO and director of a publicly listed company. He has been directly involved with the financing of several leading resource companies based in Canada with assets in Europe, Latin America and the financing of private and

public technology companies. Mr. Goodman spent seven years working in Asia (Japan, Taiwan and Indonesia). He is a graduate of the University of Western Ontario (BA 1992) and received a Graduate Diploma from the Asia Pacific Management Cooperative Program at Capilano University in Vancouver (1996), and an MBA in Finance from INSEEC in Paris (1999).

Mr. Goodman is also President, CFO and director of Lion Copper and Gold Corp., a public company currently listed on the TSX Venture Exchange.

***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

Except as disclosed below, no proposed director is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, the term “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) 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.

- Joel Shacker is the CEO and director of Core One Labs Inc. (“**Core**”), a company publicly trading on the CSE. A management cease trade order was issued on May 3, 2021, for failure of Core to file its annual financial statements in a timely manner. Core’s annual financial statements were subsequently filed and the BCSC issued a revocation order on June 29, 2021.
- Mr. Shacker is President and a director Thoughtful Brands Inc. (“**TBI**”), a company publicly trading on the CSE. A management cease trade order was issued on May 4, 2021, and an issuer cease trade order was issued on July 8, 2021, for failure of TBI to file its annual financial statements in a timely manner. As of the date of this Information Circular, the cease trade order against TBI remains in effect.

Other than as stated below, no proposed director:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while such person was acting in such 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, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Except as disclosed herein, no proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

**C. Appointment of Auditor**

Management proposes to nominate Smythe LLP, Chartered Professional Accountants, as the Company’s auditors for the ensuing year. Accordingly, unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the re-appointment of Smythe LLP as auditors of the Company for the financial year ending March 31, 2022 and to authorize the directors to fix the auditors’ remuneration.

The auditors for Elephant Capital are Crowe MacKay LLP, Chartered Professional Accountants. It is proposed that upon completion of the Transaction, Crowe MacKay LLP will become the auditors of the Company as well. Accordingly, unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Crowe MacKay LLP as auditors of the Company, conditional upon closing of the Transaction.

**D. Approval of the Transaction**

As stated above, on October 29, 2021, the Company and Elephant Capital entered into a binding letter of intent (the letter of intent and any business combination agreement entered into in replacement thereof, the “**Definitive Agreement**”) whereby the Company will acquire all of the issued and outstanding shares of Elephant Capital in exchange for an equivalent number of shares of the Company. Pursuant to the Definitive Agreement, the Company has agreed to, among other things, call the Meeting to seek approval of Shareholders of the Transaction, the appointment of new directors, and the appointment of new auditors (collectively, the “**Resolutions**”).

The terms and conditions of the Transaction, along with a description of Elephant Capital, its management and significant shareholders, and the Cebolleta Uranium Project, are fully set out in a draft Listing Statement (prepared in accordance with CSE Form 2A), a copy of which has been posted on the Company’s website and which can be accessed through the following link: [Evolving Gold Corp. - Annual General Meeting](#) (the “**Listing Statement**”). The Listing Statement, together with all financial statements and corresponding management discussion and analysis attached thereto, are incorporated by reference into and form part of this Information Circular. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Listing Statement. Shareholders are urged to review the Listing Statement in its entirety.

**Shareholder Approval of the Transaction.** Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, the following special resolutions (the “**Transaction Resolution**”):

**BE IT RESOLVED** as a special resolution that:

1. The acquisition (the “Acquisition”) by the Company of all of the issued and outstanding shares of Elephant Capital Corp., (“ECC”) as more particularly described and set forth in the Company’s Information Circular (the “Circular”) dated January 20, 2022 (as the Acquisition may be modified, supplemented or amended), is hereby authorized, approved and adopted.
2. The Definitive Agreement referred to in the Circular (the “Agreement”) among the Company, ECC and the shareholders of ECC, the actions of the directors of the Company in approving the Acquisition, and the actions of the officers of the Company in executing and delivering the Agreement and any amendments thereto, are hereby ratified and approved.
3. Notwithstanding that this resolution has been passed (and the Acquisition adopted) by the shareholders of the Company, the directors of the Company are hereby authorized and empowered, without further notice to, or approval of, the shareholders of the Company:
  - (a) to amend the Agreement to the extent allowed thereby; or
  - (b) subject to the terms of the said agreements, not to proceed with the Acquisition.
4. Any director or officer of the Company is hereby authorized, for and on behalf and in the name of the Company, to execute and deliver, whether under corporate seal of the Company or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be

necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions, the Agreement and the completion of the Acquisition in accordance with the terms of the Agreement, including:

- (a) all actions required to be taken by or on behalf of the Company, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
- (b) the signing of the certificates, consents and other documents or declarations required under the Agreement or otherwise to be entered into by the Company,

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

In order for the Transaction to proceed, the Transaction Resolution must be passed, with or without variation, by at least two-thirds of the votes cast by Shareholders present in person or by proxy at the Meeting.

**Structure of the Transaction.** The Company is proposing to acquire Elephant Capital pursuant to a Share Exchange Agreement, whereby each shareholder of Elephant Capital has agreed to sell its shares of Elephant Capital to the Company in exchange for an equivalent number of shares of the Company. The Share Exchange Agreement sets out the terms of the Transaction, contains various representations, warranties and covenants of Elephant Capital and the Company and includes certain conditions to completion of the Transaction. Details of the Transaction are set out in the Listing Statement

On closing of the Transaction, every issued and outstanding Elephant Capital Share will be exchanged for one common share in the capital of the Company. Holders of warrants to acquire Elephant Capital shares (“**EC Warrants**”) outstanding after closing will be exercisable into such number of shares of the Company which the holder would have been entitled to receive under the terms of the Transaction if the holder had exercised such EC Warrants prior to closing.

Following completion of the Transaction, the shareholders of Elephant Capital will hold a significant majority of the Company’s outstanding common shares. As part of the completion of the Transaction, the Company intends to change its name to “Future Fuel Corporation”, or such other name as may be determined by Elephant Capital, subject to applicable regulatory approval.

Shareholders are referred to the Listing Statement for details concerning (i) conditions precedent to the closing of the Transaction, (ii) means by which the Share Exchange Agreement may be amended or terminated, (iii) representations and warranties given by each of the Company and the shareholders of Elephant Capital, and (iv) risk factors concerning the Transaction and the business of Elephant Capital.

**Recommendation of the Board.** The Board has unanimously approved the Transaction and has recommended and authorized the submission of the Transaction to the Shareholders for adoption and approval. The Board has concluded that the Transaction is in the best interests of the Company and the Shareholders, and unanimously recommends that the Shareholders vote in favour of the Transaction Resolution.

In reaching its conclusion, the Board considered a number of factors including:

- (a) information with respect to the financial condition, business and operations, on both a historical and prospective basis, of the Company. Specifically, the Company has been without an active business for the past couple of years, and has been unable to raise funds to advance its former mineral property interests;
- (b) information provided by Elephant Capital with respect to its business and assets, in particular the Cebolleta Uranium Project; and the ability to raise funds to further develop the Project;
- (c) that the existing Company Shareholders will continue to own approximately 3.4% of the outstanding shares of the Company on completion of the Transaction (assuming no exercise of options or warrants), and the issuance of 6,000,000 shares under the private placement (assuming the private placement raises \$3,000,000);
- (d) the proposed new management team;
- (e) under the terms of the Transaction, all Shareholders will be treated equally; and

- (f) the procedures by which the Transaction will be approved include the requirement for approval of not less than two-thirds of the votes cast in respect of the Transaction Resolution by Shareholders present in person or voting by proxy at the Meeting.

**The Board unanimously recommends that Shareholders vote in favour of the Transaction Resolution.**

**There are a number of risks associated with the Transaction and the business of Elephant Capital. The principal risk factors are set out in the Listing Statement.**

**E. Approval of New Equity Incentive Plan**

***Background***

Management of Elephant Capital proposes the adoption and future use of a new equity incentive plan (the “**New Plan**”), to be implemented upon closing of the Transaction. A copy of the New Plan is attached to this Information Circular as Schedule “B”. Management of the Company also proposes to adopt the New Plan in the event the Transaction is not completed.

The purpose of the New Plan is to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through Awards (as that term is defined in the New Plan) granted under the New Plan.

***Material Terms of the New Plan***

The New Plan is a 20% “rolling” equity incentive plan pursuant to which the maximum number of shares reserved for issuance under the New Plan, together with all of the Company’s other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of shares, shall not result in the number of shares reserved for issuance pursuant to Awards exceeding 20% of the issued and outstanding shares as at the date of grant of any Award. Pursuant to the terms of the New Plan, in addition to the ability to award options (“**Options**”) to acquire shares of the Company to Participants, the Company has the availability to award restricted share units (“**RSUs**”), deferred share units (“**DSUs**”), and performance share units (“**PSUs**”). A complete copy of the New Plan is attached hereto as Schedule “B”. Shareholders are encouraged to review the New Plan in its entirety.

The New Plan provides that:

1. All employees and directors are eligible to participate in the New Plan. Eligibility to participate does not confer any employee or director any right to receive any grant of an Award pursuant to the New Plan. The extent to which any employee or director is entitled to receive a grant of an Award pursuant to the New Plan will be determined in the sole and absolute discretion of the Board.
2. Awards of Options, RSUs, PSUs and DSUs, may be made under the New Plan. All Awards are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined in the sole and absolute discretion of the Board, subject to such limitations provided in the New Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations of the New Plan and in accordance with applicable law, the Board may accelerate or defer the vesting or payment of Awards, cancel or modify outstanding Awards (other than Options), and waive any condition imposed with respect to Awards or Shares issued pursuant to Awards.
3. No Awards granted under the New Plan or any right thereunder or in respect thereof shall be transferable or assignable (other than upon the death of the Participant).
4. The maximum number of common shares issuable under the New Plan shall not exceed 20% of the number of common shares of the Company issued and outstanding as of each award date, inclusive of all common shares reserved for issuance pursuant to previously granted Awards.
5. Awards vest as the board of directors of the Company may determine.

6. The exercise price of the Options granted under the New Plan will be determined by the Board; but will not be less than the greater of the closing market price of the Company's common shares on the CSE on (a) the trading day prior to the date of grant of the applicable Award; and (b) the date of grant of the applicable Award.
7. The term of Options shall be five years from the date such Option is granted, or such greater or lesser duration as the Board may determine at the date of grant.
8. Participants have the right to exercise Options on a cashless basis.

### ***Shareholder Approval of the New Plan***

At the Meeting, Shareholders will be asked to approve the following ordinary resolution (the "**New Plan Resolution**"), which must be approved by at least a majority of the votes cast by shareholders represented in person or by proxy at the Meeting who vote in respect of the New Plan Resolution:

"RESOLVED, as an ordinary resolution of the shareholders of Evolving Gold Corp. (the "Company"), that:

1. The Company's Equity Incentive Plan (the "New Plan"), as set forth in the Company's Information Circular dated January 20, 2022, be and is hereby ratified, confirmed and approved, subject to the acceptance of the New Plan by the Canadian Securities Exchange (the "CSE");
2. The board of directors of the Company be authorized in its absolute discretion to administer the New Plan and amend or modify the New Plan in accordance with its terms and conditions and with the policies of the CSE; and
3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolutions, including, without limitation, making any changes to the New Plan required by the CSE or applicable securities regulatory authorities and to complete all transactions in connection with the administration of the New Plan."

The form of the New Plan Resolution set forth above is subject to such amendments as management may propose at the Meeting, but which do not materially affect the substance of the New Plan Resolution.

The Board considers that the ability to grant incentives is an important component of its compensation strategy and is necessary to enable the Company to attract and retain qualified directors, officers, employees and consultants. **The Board therefore recommends that Shareholders vote "For" the resolution approving the proposed new long term incentive plan.** Unless otherwise instructed, the persons named in the enclosed form of Proxy will vote "IN FAVOUR" of the above resolution.

### **OTHER MATTERS**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under "Company Profiles – Evolving Gold Corp.". The Company's consolidated financial statements and management discussion and analysis ("MD&A") for the financial years ended March 31, 2018 to March 31, 2021 are available for review under the Company's profile on SEDAR. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to Suite 2250 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9; or (ii) email to [info@evolvinggold.com](mailto:info@evolvinggold.com).

**BOARD APPROVAL**

The contents of this Information Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 20<sup>th</sup> day of January, 2022.

**ON BEHALF OF THE BOARD**

*“Charles E. Jenkins”*

Chief Executive Officer



## **SCHEDULE “A”**

### **EVOLVING GOLD CORP.** (the “Company”)

#### **Audit Committee Charter**

##### **Mandate**

The audit committee will assist the board of directors (the “Board”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the Company’s business, operations and risks.

##### **Composition**

The Board will appoint from among their membership an audit committee after each annual meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

##### **Independence**

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

##### **Expertise of Committee Members**

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

##### **Meetings**

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

##### **Roles and Responsibilities**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

###### *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;

- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussions & analysis respecting the interim reporting period prior to its release to the public.

##### *Release of Financial Statements*

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

##### *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

*Delegation of Authority*

The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

*De-Minimum Non-Audit Services*

The audit committee may satisfy the requirement for the pre-approval of non-audit services if:

- i. the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five percent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
- ii. the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

*Pre-Approval Policies and Procedures*

The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

- i. the pre-approval policies and procedures are detailed as to the particular service;
- ii. the audit committee is informed of each non-audit service; and
- iii. the procedures do not include delegation of the audit committee's responsibilities to management.

*Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

*Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

**Resources and Authority of the Audit Committee**

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

## Guidance – Roles and Responsibilities

The following guidance is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

### *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

### *Financial Reporting*

#### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the New Plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

#### *Annual Financial Statements*

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warrant, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

#### *Interim Financial Statements*

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - i. actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

- ii. changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Company's operations and financing practices;
- iii. generally accepted accounting principles have been consistently applied;
- iv. there are any actual or proposed changes in accounting or financial reporting practices;
- v. there are any significant or unusual events or transactions;
- vi. the Company's financial and operating controls are functioning effectively;
- vii. the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
- viii. the interim financial statements contain adequate and appropriate disclosures.

*Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

*Other Responsibilities*

Review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.

## SCHEDULE “B”

### FUTURE FUEL CORPORATION

#### Equity Incentive Plan

◆, 2022

#### PART 1 PURPOSE

##### 1.1 Purpose

The purpose of this Plan is to secure for the Company and its shareholders the benefits inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success. It is generally recognized that equity incentive plans of the nature provided for herein aid in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered them to acquire a proprietary interest in the Company.

##### 1.2 Available Awards

Awards that may be granted under this Plan include:

- (a) Options;
- (b) Deferred Share Units;
- (c) Restricted Share Units; and
- (d) Performance Share Units.

#### PART 2 INTERPRETATION

##### 2.1 Definitions

- (a) “**Affiliate**” has the meaning set forth in the BCA.
- (b) “**Award**” means any right granted under this Plan, including Options, Deferred Share Units, Restricted Share Units and Performance Share Units.
- (c) “**BCA**” means the *Business Corporations Act* (British Columbia).
- (d) “**Blackout Period**” means a period in which the trading of Shares or other securities of the Company is restricted under any policy of the Company then in effect.
- (e) “**Board**” means the board of directors of the Company.
- (f) “**Cashless Exercise Right**” has the meaning set forth in Section 3.5 of this Plan.
- (g) “**Change of Control**” means the occurrence and completion of any one or more of the following events:
  - (A) the Company shall not be the surviving entity in a merger, amalgamation or other reorganization (or survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company);
  - (B) the Company shall sell or otherwise transfer, including by way of the grant of a leasehold interest or joint venture interest (or one or more subsidiaries of the Company shall sell or otherwise transfer, including without limitation by way of the grant of a leasehold interest or joint

venture interest) property or assets (i) aggregating more than 50% of the consolidated assets (measured by either book value or fair market value) of the Company and its subsidiaries as at the end of the most recently completed financial year of the Company or (ii) which during the most recently completed financial year of the Company generated, or during the then current financial year of the Company are expected to generate, more than 50% of the consolidated operating income or cash flow of the Company and its subsidiaries, to any other person or persons (other than one or more Designated Affiliates of the Company), in which case the Change of Control shall be deemed to occur on the date of transfer of the assets representing one dollar more than 50% of the consolidated assets in the case of clause (i) or 50% of the consolidated operating income or cash flow in the case of clause (ii), as the case may be;

- (C) the Company is to be dissolved and liquidated;
- (D) any person, entity or group of persons or entities acting jointly or in concert acquires or gains ownership or control (including, without limitation, the power to vote) more than 50% of the Company's outstanding voting securities; or
- (E) as a result of or in connection with: (i) the contested election of directors, or; (ii) a transaction referred to in subparagraph (i) above, the persons who were directors of the Company before such election or transaction shall cease to constitute a majority of the directors.

For the purposes of the foregoing, "voting securities" means Shares and any other shares entitled to vote for the election of directors and shall include any securities, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

- (h) "**Code**" means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding guidance thereunder.
- (i) "**Company**" means ♦, a company incorporated under the laws of British Columbia.
- (j) "**Deferred Payment Date**" for a Participant means the date after the Restricted Period which is the earlier of (i) the date which the Participant has elected to defer receipt of Restricted Shares in accordance with Section 4.4 of this Restricted Share Plan; and (ii) the Participant's Separation Date.
- (k) "**Deferred Share Unit**" means the agreement by the Company to pay, and the right of the Participant to receive, a Deferred Share Unit Payment for each Deferred Share Unit held, evidenced by way of book-keeping entry in the books of the Company and administered pursuant to this Plan.
- (l) "**Deferred Share Unit Grant Letter**" has the meaning ascribed thereto in Section 5.2 of this Plan.
- (m) "**Deferred Share Unit Payment**" means, subject to any adjustment in accordance with Section 5.5 of this Plan, the issuance to a Participant of one previously unissued Share for each whole Deferred Share Unit credited to such Participant.
- (n) "**Designated Affiliate**" means subsidiaries of the Company designated by the Board from time to time for purposes of this Plan.
- (o) "**Director Retirement**" in respect of a Participant, means the Participant ceasing to hold any directorships with the Company, any Designated Affiliate and any entity related to the Company for purposes of the *Income Tax Act* (Canada) after attaining a stipulated age in

accordance with the Company's normal retirement policy, or earlier with the Company's consent.

- (p) **"Director Separation Date"** means the date that a Participant ceases to hold any directorships with the Company and any Designated Affiliate due to a Director Retirement or Director Termination and also ceases to serve as an employee or consultant with the Company, any Designated Affiliate and any entity related to the Company for the purposes of the *Income Tax Act* (Canada).
- (q) **"Director Termination"** means the removal of, resignation or failure to re-elect the Eligible Director (excluding a Director Retirement) as a director of the Company, a Designated Affiliate and any entity related to the Company for purposes of the *Income Tax Act* (Canada).
- (r) **"Effective Date"** means ♦, 2022, being the date upon which this Plan was adopted by the Board.
- (s) **"Eligible Directors"** means the directors of the Company or any Designated Affiliate who are, as such, eligible for participation in this Plan.
- (t) **"Eligible Employees"** means employees (including employees who are officers and directors) of the Company or any Designated Affiliate thereof, whether or not they have a written employment contract with Company, determined by the Board, as employees eligible for participation in this Plan. Eligible Employees shall include Service Providers eligible for participation in this Plan as determined by the Board.
- (u) **"Exchange"** means the Canadian Securities Exchange, or any successor entity, which is the principal stock exchange on which the Shares are listed for trading.
- (v) **"Fair Market Value"** with respect to the Shares as of any date, means the closing market price of the Shares on the trading day prior to such date. Notwithstanding the foregoing, for the purposes of establishing the exercise price per Share of any Option, or the value of any Share underlying a Restricted Share Right, Deferred Share Unit or Performance Share Unit on the grant date, the Fair Market Value means the greater of the closing market price of the Shares on (a) the trading day prior to the date of grant of the applicable Award; and (b) the date of grant of the applicable Award.
- (w) **"Multiplier(s)"** means the factor(s) by which a Participant's Performance Share Units will be multiplied, as determined by the Board and set out in the applicable Performance Share Unit Agreement;
- (x) **"Option"** means an option granted under the terms of this Plan.
- (y) **"Option Period"** means the period during which an Option is outstanding.
- (z) **"Option Shares"** has the meaning set forth in Section 3.5 of this Plan.
- (aa) **"Optionee"** means an Eligible Employee or Eligible Director to whom an Option has been granted under the terms of this Plan.
- (bb) **"Participant"** means an Eligible Employee or Eligible Director who participates in this Plan.
- (cc) **"Performance Period"** means the period provided for in Section 6.3;
- (dd) **"Performance Share Unit"** means a bookkeeping entry evidencing the right of a Participant to receive the value of one Share at the time of payment, multiplied by the applicable Multiplier(s), pursuant to the terms and conditions hereof and as evidenced by a Performance Share Unit Agreement;
- (ee) **"Performance Share Unit Agreement"** means an agreement evidencing a Performance Share Unit entered into by and between the Company and a Participant;



- (ff) **“Plan”** means this Equity Incentive Plan, as it may be amended and restated from time to time.
- (gg) **“Restricted Period”** means any period of time that a Restricted Share Right is not vested and the Participant holding such Restricted Share Right remains ineligible to receive the relevant Shares, determined by the Board in its absolute discretion, however, such period of time may be reduced or eliminated from time to time and at any time and for any reason as determined by the Board, including, but not limited to, circumstances involving death or disability of a Participant.
- (hh) **“Retirement”** in respect of an Eligible Employee, means the Eligible Employee ceasing to hold any employment with the Company or any Designated Affiliate after attaining a stipulated age in accordance with the Company’s normal retirement policy, or earlier with the Company’s consent.
- (ii) **“Restricted Share Unit”** has such meaning as ascribed to such term at Section 4.1 of this Plan.
- (jj) **“Restricted Share Unit Grant Letter”** has the meaning ascribed to such term in Section 4.2 of this Plan.
- (kk) **“Separation Date”** means the date that a Participant ceases to be an Eligible Director or Eligible Employee.
- (ll) **“Service Provider”** means any person or company engaged by the Company or a Designated Affiliate to provide services for an initial, renewable or extended period of 12 months or more.
- (mm) **“Shares”** means the common shares of the Company.
- (nn) **“Specified Employee”** means a U.S. Taxpayer who meets the definition of “specified employee”, as defined in Section 409A(a)(2)(B)(i) of the Internal Revenue Code.
- (oo) **“Termination”** means the termination of the employment (or consulting services) of an Eligible Employee with or without cause by the Company or a Designated Affiliate or the cessation of employment (or consulting services) of the Eligible Employee with the Company or a Designated Affiliate as a result of resignation or otherwise, other than the Retirement of the Eligible Employee.
- (pp) **“US Taxpayer”** means a Participant who is a US citizen, US permanent resident or other person who is subject to taxation on their income under the United States Internal Revenue Code of 1986.

## 2.2 Interpretation

- (a) This Plan is created under and is to be governed, construed and administered in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (b) Whenever the Board (or Board committee, as the case may be) is to exercise discretion in the administration of the terms and conditions of this Plan, the term **“discretion”** means the sole and absolute discretion of the Board (or Board committee, as the case may be).
- (c) As used herein, the terms **“Part”** or **“Section”** mean and refer to the specified Part or Section of this Plan, respectively.
- (d) Where the word **“including”** or **“includes”** is used in this Plan, it means “including (or includes) without limitation”.
- (e) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.

- (f) Unless otherwise specified, all references to money amounts are to Canadian dollars.

### **PART 3 STOCK OPTIONS**

#### **3.1 Participation**

The Company may from time to time grant Options to Participants pursuant to this Plan.

#### **3.2 Price**

The exercise price per Share of any Option shall be not less than one hundred per cent (100%) of the Fair Market Value.

#### **3.3 Grant of Options**

The Board may at any time authorize the granting of Options to such Participants as it may select for the number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of an Option shall be the date such grant was approved by the Board.

Each Option granted to a Participant shall be evidenced by a stock option agreement with terms and conditions consistent with this Plan and as approved by the Board (and in all cases which terms and conditions need not be the same in each case and may be changed from time to time, subject to Section 8.7 of this Plan, and any required approval of the Exchange or any other exchange or exchanges on which the Shares are then traded).

#### **3.4 Terms of Options**

The Option Period shall be five years from the date such Option is granted, or such greater or lesser duration as the Board may determine at the date of grant, and may thereafter be reduced with respect to any such Option as provided in Section 3.6 hereof covering termination of employment or death of the Optionee; provided, however, that at any time the expiry date of the Option Period in respect of any outstanding Option under this Plan should be determined to occur either during a Blackout Period or within ten business days following the expiry of the Blackout Period, the expiry date of such Option Period shall be deemed to be the date that is the tenth business day following the expiry of the Blackout Period.

Unless otherwise determined from time to time by the Board, Options shall vest and may be exercised (in each case to the nearest full Share) during the Option Period as follows:

- (a) at any time during the first six months of the Option Period, the Optionee may purchase up to 25% of the total number of Shares reserved for issuance pursuant to his or her Option; and
- (b) at any time during each additional six-month period of the Option Period the Optionee may purchase an additional 25% of the total number of Shares reserved for issuance pursuant to his or her Option plus any Shares not purchased in accordance with the preceding subsection (a) and this subsection (b) until, after the 18<sup>th</sup> month of the Option Period, 100% of the Option will be exercisable.

Except as set forth in Section 3.6, no Option may be exercised unless the Optionee is at the time of such exercise:

- (a) in the case of an Eligible Employee, in the employ (or retained as a Service Provider) of the Company or a Designated Affiliate and shall have been continuously so employed or retained since the grant of the Option; or
- (b) in the case of an Eligible Director, a director of the Company or a Designated Affiliate and shall have been such a director continuously since the grant of the Option.

The exercise of any Option will be contingent upon the Optionee having entered into an Option agreement with the Company on such terms and conditions as have been approved by the Board and which incorporates by reference the terms of this Plan. The exercise of any Option will, subject to Section

3.5, also be contingent upon receipt by the Company of cash payment of the full purchase price of the Shares being purchased.

### **3.5 Cashless Exercise Right**

Participants have the right (the “**Cashless Exercise Right**”), in lieu of the right to exercise an Option, to terminate such Option in whole or in part by notice in writing delivered by the Participant to the Company electing to exercise the Cashless Exercise Right and, in lieu of receiving the Shares (the “**Option Shares**”) to which such Terminated Option relates, to receive the number of Shares, disregarding fractions, which is equal to the quotient obtained by:

- (a) subtracting the applicable Option exercise price per Share from the Fair Market Value per Share on the business day immediately prior to the exercise of the Cashless Exercise Right and multiplying the remainder by the number of Option Shares; and
- (b) dividing the product obtained under subsection 3.5(a) by the Fair Market Value per Share on the business day immediately prior to the exercise of the Cashless Exercise Right.

If a Participant exercises a Cashless Exercise Right in connection with an Option, it is exercisable only to the extent and on the same conditions that the related Option is exercisable under this Plan.

### **3.6 Effect of Termination of Employment or Death**

If an Optionee:

- (a) dies while employed by, a Service Provider to or while a director of the Company or a Designated Affiliate, any Option held by him or her at the date of death shall become exercisable in whole or in part, but only by the person or persons to whom the Optionee’s rights under the Option shall pass by the Optionee’s will or applicable laws of descent and distribution. Unless otherwise determined by the Board, all such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner; and
- (b) ceases to be employed by, a Service Provider to, or act as a director of, the Company or a Designated Affiliate for cause, no Option held by such Optionee will, unless otherwise determined by the Board, be exercisable following the date on which such Optionee ceases to be so engaged; provided, however, that if an Optionee ceases to be employed by, a Service Provider to, or act as a director of, the Company or a Designated Affiliate for any reason other than cause then, unless otherwise determined by the Board, any Option held by such Optionee at the effective date thereof shall become exercisable for a period of up to 12 months thereafter or prior to the expiration of the Option Period in respect thereof, whichever is sooner.

### **3.7 Effect of Takeover Bid**

In the event of a Change of Control, unless otherwise determined by the Board, (i) all Options outstanding shall immediately vest and be exercisable; and (ii) all Options that are not otherwise exercised contemporaneously with the completion of the Change of Control will terminate and expire immediately thereafter.

### **3.8 Effect of Amalgamation or Merger**

Subject to Section 3.7, if the Company amalgamates or otherwise completes a plan of arrangement or merges with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Participant would have received upon such amalgamation, arrangement or merger if the Participant had exercised his or her Option immediately prior to the record date applicable to such amalgamation, arrangement or merger, and the option price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of this Plan.

## PART 4 RESTRICTED SHARE UNITS

### 4.1 Participants

The Company has the right to grant, in its sole and absolute discretion, to any Participant, rights to receive any number of fully paid and non-assessable Shares (“**Restricted Share Units**”) as a discretionary payment in consideration of past services to the Company or as an incentive for future services, subject to this Plan and with such additional provisions and restrictions as the Board may determine. For purposes of calculating the number of Restricted Share Units to be granted, the Company shall be obligated to value the Shares underlying such Restricted Share Units at not less than one hundred per cent (100%) of the Fair Market Value.

### 4.2 Restricted Share Units Grant Letter

Each grant of a Restricted Share Right under this Plan shall be evidenced by a grant letter (a “**Restricted Share Units Grant Letter**”) issued to the Participant by the Company. Such Restricted Share Right Grant Letter shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a Restricted Share Right Grant Letter. The provisions of the various Restricted Share Right Grant Letters issued under this Plan need not be identical.

### 4.3 Restricted Period

Concurrent with the determination to grant Restricted Share Units to a Participant, the Board shall determine the Restricted Period applicable to such Restricted Share Units. In addition, at the sole discretion of the Board, at the time of grant, the Restricted Share Units may be subject to performance conditions to be achieved by the Company or a class of Participants or by a particular Participant on an individual basis, within a Restricted Period, for such Restricted Share Units to entitle the holder thereof to receive the underlying Shares. Upon expiry of the applicable Restricted Period (or on the Deferred Payment Date, as applicable), a Restricted Share Right shall be automatically settled, and without the payment of additional consideration or any other further action on the part of the holder of the Restricted Share Right, the underlying Shares shall be issued to the holder of such Restricted Share Units, which Restricted Share Units shall then be cancelled.

### 4.4 Deferred Payment Date

Participants who are residents of Canada for the purposes of the *Income Tax Act* (Canada) (and for greater certainty, who are not US Taxpayers), may elect to defer to receive all or any part of the Shares underlying Restricted Share Units until one or more Deferred Payment Dates. Any other Participants may not elect a Deferred Payment Date.

### 4.5 Prior Notice of Deferred Payment Date

Participants who elect to set a Deferred Payment Date must, in respect of each such Deferred Payment Date, give the Company written notice of the Deferred Payment Date(s) not later than thirty (30) days prior to the expiration of the applicable Restricted Period. For certainty, Participants shall not be permitted to give any such notice after the day which is thirty (30) days prior to the expiration of the Restricted Period and a notice once given may not be changed or revoked. For the avoidance of doubt, the foregoing shall not prevent a Participant from electing an additional Deferred Payment Date, provided, however that notice of such election is given by the Participant to the Company not later than thirty (30) days prior to the expiration of the subject Restricted Period.

### 4.6 Retirement or Termination during Restricted Period

In the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of a Participant from all such roles with the Company during the Restricted Period, any Restricted Share Units held by the Participant shall immediately terminate and be of no further force or effect; provided, however, that the Board shall have the absolute discretion to modify

the grant of the Restricted Share Units to provide that the Restricted Period shall terminate immediately prior to the date of such occurrence.

#### **4.7 Retirement or Termination after Restricted Period**

In the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of the Participant from all such roles with the Company following the Restricted Period and prior to a Deferred Payment Date, the Participant shall be entitled to receive, and the Company shall issue forthwith, Shares in satisfaction of the Restricted Share Units then held by the Participant.

#### **4.8 Death or Disability of Participant**

In the event of the death or total disability of a Participant, any Shares represented by Restricted Share Units held by the Participant shall be immediately issued by the Company to the Participant or legal representative of the Participant.

#### **4.9 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Shares, a Participant may be credited with additional Restricted Share Units. The number of such additional Restricted Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the Restricted Share Units (including Restricted Share Units in which the Restricted Period has expired but the Shares have not been issued due to a Deferred Payment Date) in the Participant's account on the dividend record date had been outstanding Shares (and the Participant held no other Shares) by (b) the Fair Market Value of the Shares on the date on which such dividends were paid.

#### **4.10 Change of Control**

In the event of a Change of Control, all Restricted Share Units outstanding shall vest immediately and be settled by the issuance of Shares notwithstanding the Restricted Period and any Deferred Payment Date.

### **PART 5 DEFERRED SHARE UNITS**

#### **5.1 Deferred Share Unit Grants**

The Board may from time to time determine to grant Deferred Share Units to one or more Eligible Directors in a lump sum amount or on regular intervals, based on such formulas or criteria as the Board may from time to time determine. Deferred Share Units will be credited to the Eligible Director's account when designated by the Board. For purposes of calculating the number of Deferred Share Units to be granted, the Company shall be obligated to value the Shares underlying such Deferred Share Units at not less than one hundred per cent (100%) of the Fair Market Value.

#### **5.2 Deferred Share Unit Grant Letter**

Each grant of a Deferred Share Unit under this Plan shall be evidenced by a grant letter (a "**Deferred Share Unit Grant Letter**") issued to the Eligible Director by the Company. Such Deferred Share Unit Grant Letter shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a Deferred Share Unit Grant Letter. The provisions of Deferred Share Unit Grant Letters issued under this Plan need not be identical.

#### **5.3 Redemption of Deferred Share Units and Issuance of Deferred Shares**

The Deferred Share Units held by each Eligible Director who is not a US Taxpayer shall be redeemed automatically and with no further action by the Eligible Director on the 20<sup>th</sup> business day following the Separation Date for that Eligible Director. For US Taxpayers, Deferred Share Units held by an Eligible Director who is a Specified Employee will be automatically redeemed with no further action by the Eligible Director on the date that is six months following the Separation Date for the Eligible Director, or if earlier,

upon such Eligible Director's death. Upon redemption, the former Eligible Director shall be entitled to receive and the Company shall issue, the number of Shares issued from treasury equal to the number of Deferred Share Units in the Eligible Director's account, subject to any applicable deductions and withholdings. In the event a Separation Date occurs during a year and Deferred Share Units have been granted to such Eligible Director for that entire year, the Eligible Director will only be entitled to a pro-rated Deferred Share Unit Payment in respect of such Deferred Share Units based on the number of days that he or she was an Eligible Director in such year.

No amount will be paid to, or in respect of, an Eligible Director under this Plan or pursuant to any other arrangement, and no other additional Deferred Share Units will be granted to compensate for a downward fluctuation in the value of the Shares of the Company nor will any other benefit be conferred upon, or in respect of, an Eligible Director for such purpose.

#### **5.4 Death of Participant**

In the event of the death of an Eligible Director, the Deferred Share Units shall be redeemed automatically and with no further action on the 20<sup>th</sup> business day following the death of an Eligible Director.

#### **5.5 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Shares, an Eligible Director may be credited with additional Deferred Share Units. The number of such additional Deferred Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Eligible Director if the Deferred Share Units in the Eligible Director's account on the dividend record date had been outstanding Shares (and the Eligible Director held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid.

### **PART 6 PERFORMANCE SHARE UNITS**

#### **6.1 Performance Share Units**

The Board may from time to time determine to grant Performance Share Units to one or more Eligible Directors with the specific terms and conditions thereof to be as provided in this Plan and in the Performance Share Unit Agreement entered into in respect of such grant. The Performance Share Unit Agreement in respect of the Performance Share Units granted will set out, at a minimum, the number of Performance Share Units granted, the Performance Period, the performance-based criteria and the Multiplier(s). Subject to the provisions of this Article 6, each Performance Share Unit awarded to a Participant for services performed during the year in which the Performance Share Unit is granted shall entitle the Participant to receive payment in an amount equal to the Fair Market Value on the day immediately prior to the last day of the applicable Performance Period multiplied by the applicable Multiplier(s), to be determined on the last day of the Performance Period.

#### **6.2 Distributions.**

The Board, in its sole discretion, may determine that if and when distributions are paid on any Shares, additional Performance Share Units shall be credited to the Participant as of such distribution payment date. The number of additional Performance Share Units (including fractional Performance Share Units) to be credited to the Participant shall be determined by dividing the dollar amount of the distribution payable in respect of the Shares underlying the Performance Share Units by the Fair Market Value on the date the distribution is paid. Fractional Performance Share Units to two decimal places shall be credited to the Participant. For greater certainty, the Performance Period and Multiplier(s), if any, shall be the same as the Performance Period and Multiplier(s), if any, for the Performance Share Units.

#### **6.3 Performance Period**

Subject to Sections 6.5, 6.6 and 6.7 (which could result in shortening any such period), the Performance Period in respect of a particular award shall be one year from the date of grant of the applicable Performance Share Unit, provided that the Board may, in its sole discretion, determine the Performance

Period to be greater than one year, to a maximum of three years from the date of grant of the applicable Performance Share Unit.

#### **6.4 Performance-Based Criteria and Multipliers**

The Board may establish performance-based criteria which, if met by the Company, will entitle the Participant to be paid an amount in excess of or less than the Fair Market Value of one Share for each Performance Share Unit at the end of the applicable Performance Period. The Board, in its sole discretion, may waive the performance-based criteria if the Board determines there were material unusual circumstances that occurred during the Performance Period (as an example only, if take-over speculation significantly affects the Fair Market Value at the end of the Performance Period).

#### **6.5 Retirement or Termination During Performance Period**

If a Participant ceases to be an Eligible Employee or Eligible Director, as applicable, during the Performance Period because of retirement or Termination of the Participant, all Performance Share Units previously awarded to the Participant shall be forfeited and cease to be credited to the Participant on the date of the Retirement or Termination, as the case may be; however, the Board shall have the absolute discretion to modify the grant of the Performance Share Units to provide that the Performance Period would end at the end of the calendar quarter immediately before the date of the Retirement or Termination, as the case may be, and the amount payable to the Participant shall be calculated as of such date.

#### **6.6 Death or Disability**

During Performance Period, in the event of the death or total disability of a Participant during the Performance Period, the Performance Period shall be deemed to end at the end of the calendar quarter immediately before the date of death or total disability of the Participant and the amount payable to the Participant or its executors, as the case may be, shall be calculated as of such date.

#### **6.7 Change of Control During Performance Period**

In the event of a Change of Control, the Performance Period shall be deemed to end at the end of the calendar quarter immediately before the Change of Control and the amount payable to the Participant shall be calculated as of such date.

#### **6.8 Payment to Participants**

Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned Performance Share Units in the form of cash or in Shares issued from treasury (or in a combination thereof) equal to the value of the Performance Share Units at the end of the applicable Performance Period. The determination of the Board with respect to the form of payout of such Performance Share Units shall be set forth in the Performance Share Unit Agreement for the grant of the Performance Share Unit or reserved for later determination. In no event will delivery of such Shares or payment of any cash amounts be made later than two and a half months after the end of the year in which such conditions or restrictions were satisfied or lapsed.

#### **6.9 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Shares, an Eligible Director may be credited with additional Performance Share Units. The number of such additional Performance Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Eligible Director if the Performance Share Units in the Eligible Director's account on the dividend record date had been outstanding Shares (and the Eligible Director held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid.

## **PART 7 WITHHOLDING TAXES**

### **7.1 Withholding Taxes**

The Company or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Company or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Award including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of any Shares to be issued under this Plan, until such time as the Participant has paid the Company or any Designated Affiliate for any amount which the Company or Designated Affiliate is required to withhold by law with respect to such taxes or other amounts. Without limitation to the foregoing, the Board may adopt administrative rules under this Plan, which provide for the automatic sale of Shares (or a portion thereof) in the market upon the issuance of such Shares under this Plan on behalf of the Participant to satisfy withholding obligations under an Award.

## **PART 8 GENERAL**

### **8.1 Number of Shares**

The aggregate number of Shares that may be issued under this Plan shall not exceed 20% of the outstanding issue from time to time, such Shares to be allocated among Awards and Participants in amounts and at such times as may be determined by the Board from time to time.

For the purposes of this Section 8.1, "outstanding issue" means the total number of Shares, on a non-diluted basis, that are issued and outstanding immediately prior to the date that any Shares are issued or reserved for issuance pursuant to an Award.

### **8.2 Lapsed Awards**

If Awards are surrendered, terminated or expire without being exercised in whole or in part, new Awards may be granted covering the Shares not issued under such lapsed Awards, subject to any restrictions that may be imposed by the Exchange, including, without limitation, the restriction that if an Option is cancelled prior to its expiry date, the Company shall post notice of the cancellation and shall not grant new Options to the same Participant until 30 days have elapsed from the date of cancellation.

### **8.3 Adjustment in Shares Subject to this Plan**

If there is any change in the Shares through the declaration of stock dividends of Shares, through any consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under this Plan, the Shares subject to any Award, and the exercise price of any Option shall be adjusted as determined to be appropriate by the Board, and such adjustment shall be effective and binding for all purposes of this Plan.

### **8.4 Transferability**

Any Awards accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable unless specifically provided herein. During the lifetime of a Participant all Awards may only be exercised by the Participant. Awards are non-transferable except by will or by the laws of descent and distribution.

### **8.5 Employment**

Nothing contained in this Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Company or any Affiliate, or interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment at any time. Participation in this Plan by a Participant is voluntary.



## **8.6 Record Keeping**

The Company shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the number of Awards granted to each Participant and relevant details regarding such Awards; and
- (c) such other information as the Board may determine.

## **8.7 Amendments to Plan**

The Board shall have the power to, at any time and from time to time, either prospectively or retrospectively, amend, suspend or terminate this Plan or any Award granted under this Plan without shareholder approval, including, without limiting the generality of the foregoing: changes of a clerical or grammatical nature, changes regarding the persons eligible to participate in this Plan, changes to the exercise price, vesting, term and termination provisions of the Award, changes to the cashless exercise right provisions, changes to the authority and role of the Board under this Plan, and any other matter relating to this Plan and the Awards that may be granted hereunder, provided however that:

- (a) such amendment, suspension or termination is in accordance with applicable laws and the rules of any stock exchange on which the Shares are listed;
- (b) no amendment to this Plan or to an Award granted hereunder will have the effect of impairing, derogating from or otherwise adversely affecting the terms of an Award which is outstanding at the time of such amendment without the written consent of the holder of such Award;
- (c) the terms of an Option will not be amended once issued; and
- (d) the expiry date of an Option Period in respect of an Option shall not be more than ten years from the date of grant of an Option except as expressly provided in Section 3.4.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of this Plan, the Board shall remain able to make such amendments to this Plan or the Award as they would have been entitled to make if this Plan were still in effect.

## **8.8 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of this Plan.

## **8.9 Section 409A**

It is intended that any payments under this Plan to US Taxpayers shall be exempt from or comply with Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Section 409A of the Code.

## **8.10 Compliance with Applicable Law, etc.**

If any provision of this Plan or any agreement entered into pursuant to this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or this Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

## **8.11 Term of the Plan**

This Plan shall remain in effect until it is terminated by the Board.

**PART 9**  
**ADMINISTRATION OF THIS PLAN**

**9.1 Administration by the Board**

- (a) Unless otherwise determined by the Board, this Plan shall be administered by the Board or a Board committee designated by the Board.
- (b) The Board (or Board committee, as the case may be) shall have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan, to:
  - (i) adopt and amend rules and regulations relating to the administration of this Plan and make all other determinations necessary or desirable for the administration of this Plan. The interpretation and construction of the provisions of this Plan and related agreements by the Board (or Board committee, as the case may be) shall be final and conclusive. The Board (or Board committee, as the case may be) may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry this Plan into effect and it shall be the sole and final judge of such expediency;
  - (ii) determine and designate from time to time the individuals to whom Awards shall be made, the amounts of the Awards and the other terms and conditions of the Awards;
  - (iii) delegate any of its responsibilities or powers under this Plan to a Board committee; and
  - (iv) otherwise exercise the powers under this Plan as set forth herein.