



## MANAGEMENT INFORMATION CIRCULAR

(as at November 8, 2021 and in Canadian dollars, except where indicated)

**This Information Circular is furnished in connection with the solicitation of proxies by the management of KINCORA COPPER LIMITED (the “Company” or “Kincora”) for use at the Annual General and Special Meeting (the “Meeting”) of its shareholders to be held on December 14, 2021 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Information Circular, references to “the Company”, “we” and “our” refer to Kincora Copper Limited. “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

**The Company intends to hold the Meeting in person in Vancouver with a webcast. However, due to the COVID-19 pandemic, to mitigate risk to the health and safety of our communities, shareholders and employees, the Company requests that shareholders not attend the Meeting in person.**

**The Company encourages shareholders to instead vote their shares in advance of the Meeting via mail, facsimile or online, and notes no online voting will be available during the Meeting. Voting options and instructions are provided within this Management Information Circular (“MIF”). To view the live webcast and ask questions on the day of the meeting you will need to visit <https://weare121.zoom.us/j/2050561013?pwd=SkNKNGRBVk9hWIIreDU0MTd4Y0V5dz09>.**

**If shareholders wish to attend the Meeting in person or submit questions to be addressed during the Meeting, please contact the Company through email [enquiries@kincoracopper.com](mailto:enquiries@kincoracopper.com) in order for arrangements to be made that comply with all recommendations, regulations and orders related to the COVID-19 pandemic (“COVID-19 Measures”). Attendance will be on a first come, first served basis in line with COVID-19 Measures. No shareholder who is experiencing any symptoms of COVID-19, including fever, cough or difficulty breathing will be permitted to attend the Meeting in person. The Company may take additional precautionary measures in relation to the Meeting as necessary in response to further developments related to the COVID-19 pandemic and shall comply with all applicable recommendations, regulations and orders related thereto. In the event it is not possible or advisable to hold the Meeting in person, the Company will announce alternative arrangements for the Meeting as promptly as practicable, which may include holding the Meeting entirely by electronic means.**

Full details on and materials for the Meeting and webcast will be made available at:  
<https://kincoracopper.com/agm-materials/>

### SPECIAL VOTING INSTRUCTIONS FOR CDI HOLDERS

CDI holders may attend the Meeting; however, they are unable to vote in person at the Meeting. Each CDI represents one Share. Therefore, each CDI holder will be entitled to one vote for every CDI that they hold. In order to have votes cast at the Meeting on their behalf, CDI holders must complete, sign and return the

enclosed CDI voting instruction form (the "CDI Voting Instruction Form") in accordance with the instructions below.

CDI Voting Instruction Forms may be lodged in one of the following ways:

Mail Complete, sign and date the CDI Voting Instruction Form and send it to:  
Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001

Fax Complete, sign and date the CDI Voting Instruction Form and fax it to:  
1800 783 447 within Australia or +61 3 9473 2555 outside Australia

Internet Lodge online at [www.investorvote.com.au](http://www.investorvote.com.au)

Completed CDI Voting Instruction Forms must be provided to Computershare Investor Services Pty Limited no later than 11:00 A.M. AEDT on Thursday, December 9, 2021 (4:00 P.M. PST on Wednesday, December 8, 2021) or four full business days before any adjourned or postponed Meeting, in accordance with the instructions on that form. The CDI voting deadline is two business days prior to the date that Proxies are due so that CDN may vote the Shares underlying the applicable CDIs. A CDI holder may revoke a CDI Voting Instruction Form by giving written notice to CDN, or by submitting a new CDI Voting Instruction Form bearing a later date, well in advance of the Meeting.

## SHAREHOLDERS LETTER

Dear Shareholder,

2020 and 2021 to date have seen significant changes for Kincora and globally. COVID-19 has impacted national and territory economies and borders, and the way we all work. Over this period we have seen a strong acceleration towards decarbonization and increase in the copper price.

This period has also been transformational for Kincora where the Company built on the acquisition (by grant) of a single licence (the Nyngan project) in Australia's Lachlan Fold Belt on 21<sup>st</sup> November, 2019.

By mid-March 2020, Kincora had exercised an option over RareX Limited's six copper-gold exploration licences. In just over four more weeks, the exploration team had the first rig turning on the brownfield Trundle project, while another licence (the Nevertire project) was acquired by government grant.

Today, drilling has continued uninterrupted at the Trundle project, maiden Kincora drilling programs commenced at our Nyngan and Fairholme projects, and neighbouring junior explorer drilling is advancing the understanding of our Cundumbul project. The Company has secured a third new project via grant (Mulla) and benefitted from the New South Wales government's cooperative funding drilling program.

We are actively and systematically pursuing our focus on the discovery of world-class copper gold porphyry associated deposits and the near term ambition to become the leading listed pure play explorer in what we believe is one of the most significant gold rich porphyry regions in the world, the Lachlan Fold Belt, and which is the foremost porphyry region of Australia. Coupled with drilling, project generation and realisation opportunities continue to be integral to our business model.

Reflecting the Company's strategy, a commitment to list on the Australian Securities Exchange ("ASX") was made in the fall of 2020 and strategic review commenced relating to our Mongolian portfolio of projects following the grant of a mining license for the Bronze Fox project.

Listing on the ASX was achieved in March, 2021 alongside a well oversubscribed A\$10m equity raising with strong support from our lead-managers Morgans and Bridge Street Capital and with EY supporting legally. The dual listing has opened up a new significant pool of domestic capital and seen a significant increase in liquidity.

On the Mongolian tenements in late 2020 the exploration team continued field activities at the Tourmaline Hills Intrusive Complex at the West Fox prospect. The highlight was the gathering of rock chip samples with high average gold and copper grades and the identification of new epithermal target areas. Further field activities have only recently commenced to advance and expand these targets. In December 2020, a binding term sheet was signed with Resilience Mining Mongolia. Under this agreement, Kincora retains significant upside to exploration, project generation and development successes for the Mongolian portfolio, and streamlining our core focus advancing priority drilling activities in Australia.

In our view, a favourable structural outlook for the copper sector continues to emerge. A lack of new discoveries and new projects in the pipeline coupled with diminishing production from existing major mines will likely not see the supply side meet the expected robust demand underpinned by global decarbonization and industrial growth. We believe that the strong structural outlook for copper, and the industry dynamics will see copper demand and pricing stronger and higher for longer.

The Company is focused on executing our clear strategy and business model. As shareholders, the Board and management team are very conscious of our share price. We believe our ability to execute will be well

rewarded, particularly given the tailwind from the expected commodity price environment and operating in a Tier 1 jurisdiction.

In all aspects of our business, the Company retains our focus on the safety and wellbeing of our staff, engaging with stakeholders and creating shareholder value.

Thank you for investing in Kincora Copper and we look forward to advising of further positive and value enhancing developments this year and in 2022.



Cameron McRae  
Chairman of the Board



Sam Spring  
President and CEO

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

### Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “Proxy”) are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

### Voting by Proxyholder

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

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

**In respect of a matter for which a choice is not specified in the Proxy, the management appointee acting as a proxyholder will vote in favour of each matter identified on the Proxy and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy.**

### Registered Shareholders

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. A registered shareholder may submit a proxy using one of the following methods:

- (a) complete, date and sign the Proxy and return it to the Company’s transfer agent, Computershare Trust Company of Canada (“Computershare”), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9; or
- (b) use a touch-tone phone to transmit voting choices to the toll free number given in the proxy. Registered shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder’s account number and the proxy access number; or

- (c) log on to Computershare's website at, [www.investorvote.com](http://www.investorvote.com). Registered shareholders must follow the instructions provided and refer to the enclosed proxy form for the holder's account number and the proxy access number.

Whatever method a registered shareholder uses to submit their proxy, they must ensure that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof, i.e. [December 10, 2021].

### **Beneficial Shareholders**

**The following information is of significant importance to shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

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

**All holders of CDIs are Non-Registered Holders. See the section entitled "Notice to Holders of CDIs" below.**

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

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

The Company is taking advantage of the provisions of National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer ("NI 54-101") that permit the Company to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent, Computershare Investor Services, Inc. ("Computershare"). The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These security holder materials are being sent to both registered and non-registered (beneficial) owners of the securities of the Company. If you are a beneficial owner, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in the request for voting instructions that was sent to you.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The proxy form supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada and in the United States. Broadridge mails a VIF in lieu of the proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), who is different from any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative, which may be you, in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.**

#### **Holders of CDIs**

- **CDI Holders may give instructions to Chess Depository Nominees Pty Limited**

A CDI is a CHESSE Depository Interest representing an uncertificated unit of beneficial ownership in the common shares of the Company registered in the name of CHESSE Depository Nominees Pty Limited (“CDN”), a wholly owned subsidiary company of ASX Limited that was created to fulfil the functions of a depository nominee.

CDN is authorized by its Australian Financial Services Licence to operate custodial and depository services, other than investor directed portfolio services, to wholesale and retail clients. One CDI represents one underlying Common Share of the Company.

“CHESSE” refers to the Clearing House Electronic Subregister System, which is the electronic system pursuant to which CDIs of the Company trade on the Australian Securities Exchange (the “ASX”).

CDI Holders are non-registered or beneficial owners of the underlying common shares, which underlying shares are registered in the name of CDN. As holders of CDIs are not the legal owners of the underlying common shares, CDN is entitled to vote at meetings of shareholders on the instruction of the registered holder of the CDIs.

As a result, CDI Holders can expect to receive a voting instruction form, together with the Meeting Materials from Computershare Investor Services Pty Ltd (“Computershare Australia”), the CDI Registry in Australia. These voting instruction forms are to be completed by holders of CDIs who wish to vote at the Meeting and returned in accordance with the instructions contained therein. **Completed voting instruction forms must be returned no later than 11:00 a.m. (EST) on December 10, 2021 or forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the cut-off time for the receipt of proxies before any adjourned or postponed Meeting.**

CDN is required to follow the voting instructions properly received from registered holders of CDIs. If you hold your interest in CDIs through a broker, dealer or other intermediary, you will need to follow the instructions of your intermediary.

CDI Holders that wish to change their vote must in sufficient time in advance of the Meeting contact Computershare Australia to arrange to change their vote. If you hold your interest in CDIs through a

broker, dealer or other intermediary, you must in sufficient time in advance of the Meeting, arrange for your intermediary to change its vote through Computershare Australia in accordance with the revocation procedure set out above.

- **Application Of Canadian Corporate and Securities Law -**

The Company was incorporated under and is regulated by the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. It is an exploration company trading on the Toronto Venture Exchange (“TSX-V”) (under the symbol KCC) and on the ASX (under the symbol KCC). The Company was continued under the laws of the Dominion of Canada and has since been subject to the relevant provisions of the British Columbia Business Corporations Act (“BCCA”). The Company is registered as a foreign company in Australia pursuant to the Corporations Act 2001 (Cth) (the “Corporations Act”). The Company’s ARBN is 645 457 763.

There are no limitations on the acquisition of the Company’s securities under the BCCA or under KCC’s Articles of Association.

- **Chapters 6, 6A, 6B and 6C of the Australian Corporations Act**

The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of its Common Shares or CDIs (i.e. substantial holdings and takeovers).

### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it using one of the following methods:

- (a) execute a proxy bearing a later date or execute a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder’s authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or at the address of the office of the Company at 1199 West Hastings Street, Suite 800, Vancouver, British Columbia, V6E 3T5, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) attend the Meeting in person and vote the registered shareholder’s Common Shares.

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

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

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

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the “Board”) of the Company has fixed **November 8, 2021** as the record date (the “Record Date”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As of November 8, 2021, there were **120,712,026** Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company, the only persons or corporations that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company as at November 8, 2021 are:

<b>Shareholder Name</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Issued Common Shares</b>
LIM Asia Special Situations Master Fund Limited.	19,209,940	15.91%

Notes:

(1) The above information was supplied to the Company by the shareholders and from the insider reports available at [www.sedi.ca](http://www.sedi.ca).

The following documents filed with the securities commissions or similar regulatory authority in British Columbia, Alberta and Ontario are specifically incorporated by reference into, and form an integral part of, this information circular:

- The audited annual financial statements of the Company for the financial year ended December 31, 2020, together with the report of the auditor thereon and the related management discussion and analysis, to be filed on SEDAR prior to the date of the meeting.

Copies of documents incorporated herein by reference may be obtained by a Shareholder upon request without charge from the Corporate Secretary of the Company, at Suite 400 – 837 West Hastings Street, Vancouver BC V6C 3N6. These documents are also available through the Internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

## ELECTION OF DIRECTORS

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia) ("BCA"), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following disclosure sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction,:

<b>Name of Nominee; Current Position with the Company, Province and Country of Residence</b>	<b>Occupation, Business or Employment<sup>(1)</sup></b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled as of Record Date<sup>(1)</sup></b>
<b>JONATHAN (SAM) SPRING<sup>(2,4)</sup></b> Director Australia	President and Chief Executive Officer of the Company from April 23, 2013. VP of Corporate Development from August 27, 2012.	Since July 23, 2014	1,368,507 (direct) 524,165 (indirect)
<b>RAY NADARAJAH<sup>(2,3)</sup></b> Director Hong Kong	Principal of Global Infrastructure Partners, formerly managing director of TPG Capital and General Manager of Rio Tinto.	Since May 9, 2018	621,369
<b>JOHN HOLLIDAY<sup>(4)</sup></b> Director Australia	Principal of Holliday Geoscience consultancy (2010 to present). Prior to his current position, he was a Chief Geoscientist, General Manager Property Generation for Newcrest Mining Limited.	Since February 1, 2017	618,022
<b>LEWIS MARKS<sup>(2)</sup></b> Director Mongolia	A registered New York lawyer, commodities trader, former director of CBH Resources Limited and Advisor to LIM Advisors.	Since July 30, 2018	399,833
<b>CAMERON MCRAE<sup>(3)</sup></b> Director Australia	Executive Director of Tarva Investment and Advisory LLC, and non-executive director of Erdene Resource Development. Previously held CEO and director level positions within Rio Tinto and other companies and board positions on chambers of mines and business councils including Vice Chairman of the Business Council of Mongolia.	Since August 13, 2018	930,177 (direct) 623,233 (indirect)

Notes:

- The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective

nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

2. Denotes member of the Audit Committee.
3. Denotes member of the Remuneration Committee.
4. Denotes member of the Technical Committee in addition to Senior VP of Exploration, Peter Leaman.

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.

Within the last 10 years before the date of this Information Circular no proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this Information Circular is prepared) acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) 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 has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

#### **Notice to the Holders of CDIs:**

- **With respect to Voting in Relation to Resolutions Electing a Director or Appointing an Auditor**

The Company has been granted a waiver by ASX from ASX Listing Rule 14.2.1 to the extent necessary to permit the Company not to provide in its voting instruction form an option for CDI Holders to vote against a resolution to elect a director or appoint an auditor, on the following conditions:

- The Company complies with relevant Canadian laws as to the content of proxy forms applicable to resolutions for the election of directors and the appointment of an auditor;

- The notice given by the Company to CDI Holders under ASX Settlement Operating Rule 13.8.9 makes it clear that CDI Holders are only able to vote for the resolutions or abstain from voting and the reasons why this is the case; and
  - The Company releases details of the waiver as pre-quotation disclosure and the terms of the waiver are set out in the management proxy circular provided to all CDI Holders.
  - The waiver from listing rule 14.2.1 only applies for so long as the relevant Canadian laws prevent the Company from permitting shareholders to vote against a resolution to elect a director or appoint an auditor.
- **With respect to accepting Nominations for the Election of Directors**

The Company has been granted a waiver by ASX from ASX Listing Rule 14.3 to the extent necessary to permit the Company to accept nominations for the election of directors in accordance with the shareholder proposal provisions of sections 188 and 189 of the BCCA on condition that the Company releases the terms of the waiver to the market as prequotation disclosure, and the terms of the waiver are set out in the management proxy circular provided to all CDI Holders.

## **APPOINTMENT OF AUDITOR**

Dale Matheson Carr-Hilton LaBonte LLP (“DMCL”), of 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1 will be nominated at the Meeting for appointment as auditor of the Company. They were first appointed as auditors effective March 16, 2016. The Company’s previous auditor was Davidson & Company, who had been auditors of the Company since January 2010.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 “Audit Committees” (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Such disclosure is set forth below.

### **The Audit Committee’s Charter**

The Audit Committee has a charter. A copy of the audit committee charter is attached as Schedule “B” hereto.

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

The members of the Audit Committee are Messrs Lewis Marks, Sam Spring and Ray Nadarajah, Mr. Nadarajah as chair. Mr. Marks and Mr. Nadarajah are independent members of the Audit Committee. Mr. Spring is the Chief Executive Officer of the Company and therefore is not considered independent. All members of the Audit Committee are considered to be financially literate.

### **Relevant Education and Experience**

**Ray Nadarajah**, chairman of the audit and remuneration committees, is currently a Principal of Global Infrastructure Partners, and was most recently a Managing Director of TPG Capital where he was responsible for infrastructure investments across emerging markets. Prior to this he worked at Rio Tinto where he held a number of senior strategic and commercial roles, including Head of the Office of the CEO, General Manager of Corporate Development, Director of Business Development for China and

Head of Business Development for Oyu Tolgoi in Mongolia. He began his career as an investment banker across Sydney, Hong Kong and Beijing with Citi and Goldman Sachs where he advised on M&A and capital market transactions across the natural resources, infrastructure, diversified industrials and telecom sectors. Ray holds a double degree in actuarial studies and finance from the Australian National University and has undertaken executive education from the Harvard Business School.

**Sam Spring** is formerly a Senior Mining Analyst with over 10 years financial services experience across various disciplines within the Goldman Sachs Group and Ocean Equities Ltd (the later now Pareto Securities). Prior to joining Kincora in August 2012, he had 5 years as a metals and mining research analyst covering, and providing advisory services, to the junior-mid cap sector, and was involved in the formation and funding of Kincora in mid 2011. In 2009, he won the Association of Mining Analysts (AMA - UK) Equity Mining Analyst of the Year. Mr. Spring is Vice Chair of the Business Counsel of Mongolia's ("BCM") Resources and Environment Working Group, and a member of the International Advisory Panel ("IAP") to the Minister of Mining and Heavy Industry of Mongolia. Mr. Spring has a commerce degree from the University of Melbourne, is a Chartered Accountant ("ICAA") and CFA Charterholder.

**Lewis Marks** is a former practising and currently registered New York lawyer. Mr. Marks has lived and worked in Asia for over 40 years, with a residence and business operations in Mongolia for most of the last 20 years. Since 2002, Mr. Marks has served as member of the board of directors of the LIM Japan Fund and been managing member of MIC Global Partners LLC. Until recently, Lewis was a longstanding board member of CBH Resources Ltd., which has mining and exploration interests in New South Wales, Australia. From 1980 to 1993, he was with Marc Rich & Co. AG (purchased by Glencore International AG in 1993) and remained with Glencore until 2000, where part of his responsibilities included selling Mongolian copper into China, which first brought him to Mongolia in 1991. Mr. Marks earned his Bachelor of Science in foreign service at the School of Foreign Service, Georgetown University, in Washington and his Juris doctor from the School of Law, State University of New York at Buffalo.

### **Audit Committee Oversight**

The Audit Committee has made recommendations to the Board to nominate Dale Matheson Carr-Hilton LaBonte LLP.

### **Reliance on Certain Exemptions**

The Company's current auditor, Dale Matheson Carr-Hilton LaBonte LLP, has not provided any material non-audit services. The Company's previous auditor, Davidson & Company LLP, has not provided any material non-audit services.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for engagement of non-audit services as described in the Audit Committee Charter set out in Schedule "B" to this Information Circular.

### **Audit Committee Meetings**

The Audit Committee held four meetings, in which all audit committee members attended each meeting.

## External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Dale Matheson Carr-Hilton LaBonte LLP to the Company to ensure auditor independence. Fees incurred with Davidson & Company LLP, the previous auditor, for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2020	Fees Paid to Auditor in Year Ended December 31, 2019
Audit Fees <sup>(1)</sup>	\$45,000	\$35,427
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	\$10,500	\$2,300
All Other Fees <sup>(4)</sup>	Nil	Nil
Total	\$55,500	\$37,727

### Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

## Exemption

Pursuant to section 6.1 of NI 52-110, the Company is a “venture issuer” and is exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

## CORPORATE GOVERNANCE

### General

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Company’s Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board facilitates its independent supervision over management by holding regular meetings at which members of management or non-independent directors are not in attendance and by retaining independent consultants where it deems necessary.

The independent members of the Board are John Holliday, Ray Nadarajah, Cameron McRae, and Lewis Marks. LIM Advisors have the right to board representation, with Mr. Marks being LIM's nominee.

The non-independent director is Sam Spring.

### **Directorships**

The directors are currently serving on boards of the following other reporting companies (or equivalent) as set out below:

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>	<b>Exchange Listed</b>
Cameron McRae	Erdene Resource Development	TSX & MSE

### **Orientation and Continuing Education**

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations and papers by the Company's management and employees to give the directors additional insight into the Company's business and industry.

### **Ethical Business Conduct**

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

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

### **Compensation**

The Board, acting through the Remuneration Committee, evaluates the performance of the CEO in conjunction with the Company's goals and objectives and, acting through the Remuneration Committee, approves the compensation level of the CEO, Chairman, Committee members and Board.

The Remuneration Committee held eight meetings, in which all committee members attended.

## **Other Board Committees**

The Board has no committees other than the Audit Committee, Remuneration Committee and the Technical Committees.

The Technical Committee is responsible for the Company exploration strategy and plans, and provides a strong oversight to on-going operations.

## **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

## **STATEMENT OF EXECUTIVE COMPENSATION**

Unless otherwise noted the following information is for the Corporation's last completed financial year (which ended December 31, 2020).

### **A. Named Executive Officers**

For the purposes of this Circular, a Named Executive Officer ("NEO") of the Company means each of the following individuals:

- (a) the chief executive officer ("CEO") of the Company;
- (b) the chief financial officer ("CFO") of the Company;
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and
- (d) each individual who would be an NEO under (c) above 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 that financial year.

### **B. Compensation Discussion and Analysis**

The Company's board of directors (the "Board"), acting through recommendations of the Remuneration Committee, evaluates the performance of the CEO in conjunction with the Company's goals and objectives and, approves the compensation level of the CEO and of the Company's executive officers. The Board seeks to ensure that total compensation paid to all NEOs and committee chairs is fair and reasonable and is consistent with the Company's compensation philosophy.

The Board, acting through recommendations of the Remuneration Committee, is also responsible for recommending compensation for the directors and granting stock options to the directors, officers and employees of, and consultants to, the Company pursuant to the Corporation's Stock Option Plan. Each of the independent directors has appropriate experience and skills based on their involvement with various companies in the public company sector as disclosed in the section below on Relevant Skills and Experience.

On April 29th, 2020, the Company announced the annual remuneration review, with certain annual bonuses awarded to management, a portion of which will be satisfied through the issuance of common

shares. Shareholder approvals were gained at the 2020 AGM, with support also for a number of resolutions to facilitate the proposed ASX listing.

**2021 Update** – The Remuneration Committee completed its 2021 Review in September 2021 and was adopted by the Board on 1<sup>st</sup> October 2021. This included a review of ASX and TSXV peers, was important given the dual listing of March 2021 and the need to align contracts and plans across two listing jurisdictions. The key outcomes of the 2021 Remuneration review were:

- Adoption of an Equity Incentive Plan (“EIP”) to replace the TSX Venture Exchange specific Corporate Stock Plan.
- No increases in base pay to Non-Executive Directors (NED’s) individually or in aggregate.
- No increase in base pay to the CEO.
- No change in the KPI plan structure and principals for the CEO.
- No change in the 10% target for the options pool to be allocated to NED’s, Officers, consultants and the senior exploration team, although a proposed amended EIP is to be adopted to allow for grants of both options and performance rights up to increased limits discussed later in this document.
- An increased share in the weighting of the options pool to the Officers, consultants and the senior exploration team.
- To give directors, Officers and senior exploration team members the opportunity to take the equity part of their remuneration as performance rights (as allowed under the EIP).

### **Philosophy**

The Company follows the practice of compensating its NEOs such that compensation is competitive with peer group companies, which allows the Company to attract and retain its key employees, and allows the Company to compensate based on performance. This philosophy is linked to the Company’s business strategy which includes increasing stakeholder value. In addition, the compensation programs aim for simplicity and responsiveness to market changes.

The Board oversight is total in that the Board annually determines the base salary, cash and stock incentives and grant of stock options. All incentives are subject to risk but the Board believes that these risks are mitigated because it has the right to determine all incentives in light of any inappropriate risks taken by a NEO. In addition, all NEO compensation policies and practices are similar, the Board can exercise the right to award or reduce any compensation, no policies are weighted towards short term goals, and policies are awarded upon an accomplishment of a short term task which affects the Company over a longer term.

### **Objective and Description of Business**

Kincora is a junior resource company engaged in the acquisition, exploration and development of mineral properties, with a focus on copper-gold projects in Australia and Mongolia. Our objective is to create value for shareholders through the advancement and discovery of porphyry and epithermal deposits, particularly focused on the next generation of world-class porphyries in the Macquarie Arc of the Lachlan Fold Belt (“LFB”) in the Central West of New South Wales, Australia, and further countercyclical corporate and expansion opportunities.

In the third quarter of 2020, Kincora commenced a strategic review exploring avenues to involve partners in taking the Company’s Mongolian portfolio and strategy forward. In December 2020, Kincora announced a binding and conditional agreement with Resilience Mining Mongolia (“RMM”). RMM have

lodged a prospectus to list and undertake a capital raising on the Australian Securities Exchange (“ASX”), with Kincora to retain a carried interest at the project level and equity interest in RMM post admission.

**2021 Update** - In March 2021, Kincora dual listed on the ASX. In the Board’s view this is the natural stock exchange for the Company, with Kincora’s primary focus and value drivers now related to the LFB assets. The Company’s assets and team are better known in this domestic market, and by dual listing on the ASX, Kincora sought to access local investors who have an interest in funding local exploration and mining projects, and improve the Company’s liquidity.

The Company performs reviews of all NEOs annually, or as needed in light of company developments and market conditions, to ensure that compensation provided to top performing individuals is comparable to that of individuals with similar qualifications, skills and positions with peer companies within the resource sector. The compensation is also reviewed in light of the Company’s cash position, budgets and share prices to ensure that the compensation is also equitable to the Company and the future success of the Company. Detailed compensation reviews have taken place both pre and post Kincora’s dual listing on the ASX.

The Company is a reporting issuer in Ontario, British Columbia and Alberta, Canada. The Company’s common shares trade on the TSX Venture Exchange under the symbol KCC with a secondary prospectus listing of CHESS Depository Interests (“CDIs”) completed on the (“ASX”) on March 30<sup>th</sup>, 2021.

### **Components of Compensation**

The Company’s key components of compensation are base salary, variable annual cash incentives, equity remuneration and stock options. The Company does offer other perquisites but such are not material on an annual basis.

#### **Base Salary**

A target salary is determined by the Board of Directors based on consideration of various marked factors. The target salary is the optimal salary paid to an individual who is proficient, experienced, has sufficient skills and potential and is performing at a high level. The Company follows standard industry practices when assessing compensation.

#### **Annual Cash and Stock Incentives**

The Board of Directors, via the Remuneration Committee, considers incentives to the executive management and NEOs from time to time based on objectives tied to the general improvement of the Company in terms of successful financings, property acquisitions, property option agreements, establishing control procedures, and other factors as determined by the Board of Directors.

#### **Stock options**

The philosophy of the Board of Directors is to grant options based on an individual’s involvement, proficiency, experience and performance levels. Options are reviewed and granted periodically.

#### **2020 Remuneration Committee Review and Options Allocation Review**

On April 29<sup>th</sup>, 2020, the Company announced that following the annual remuneration review, certain annual bonuses have been awarded to management of the Company, a portion of which will be satisfied through the issuance of an aggregate of 1,973,800 common shares at a deemed price of \$0.10 per share

(pre subsequent 3:1 share consolidation). The shares were subject to TSX Venture Exchange approval, a four month hold period from the date of issuance and subject to certain vesting provisions. Key elements of the annual remuneration review:

1. 712,866 of options issued to replace options expired since the 2019 AGM to directors, officers and employees of the Company, on the same terms as the September 2019 options allocation, namely 50% at a 11 cents strike price and two year term, and 50% at a 25 cents strike price and three year term (pre subsequent 3:1 share consolidation).
2. The remaining 2,273,004 of options headroom will be allocated with a 8.5 cents strike price (pre-3:1 consolidation)<sup>1</sup> and three year term to the directors, officers and employees of the Company (pre subsequent 3:1 share consolidation).
3. A director was granted a share award of \$70,000, based on a share price of 10 cents for his contributions to delivering new projects (pre subsequent 3:1 share consolidation).
4. Key management personnel are awarded a 2019 Performance bonus as follows:
  - a. Sam Spring. Awarded a 2019 performance bonus of \$112,860; with 40% paid in cash (\$45,144) and 60% paid in shares (\$67,716) at a price of 10 cents (pre-3:1 consolidation) and with 1/3 vesting at the end of each year 2020, 2021, and 2022 (pre subsequent 3:1 share consolidation).

#### 2021 Update:

- On January 8<sup>th</sup>, 2021 the Company granted 2,004,505 options with a three-year term to certain directors, officers, employees and consultants of the Company, which are exercisable at \$0.445 per share within the first two year period and \$0.48 per share in the final third year.
- On October 1<sup>st</sup>, 2021 the Company granted 7,580,575 options with a two and a half year term to certain directors, officers, employees and consultants of the Company, which are exercisable at A\$0.20 per share within the first 18 month period and A\$0.30 per share in the final twelve months.
- Sam Spring was awarded a 2020 performance bonus of \$112,860; with 40% paid in cash (\$45,144) and 60% paid in shares (\$67,716) at a price of 10 cents (pre-3:1 consolidation) and with 1/3 vesting at the end of each year 2021, 2022 and 2023 (pre subsequent 3:1 share consolidation).

Remuneration levels for the CEO and NED's has not changed since early 2019. The 2021 Remuneration review has maintained CEO and NED remuneration at the level disclosed in the 2020 Summary Compensation tables that follow.

The CEO annual salary is \$300,000 with \$220,000 to be paid in cash and \$80,000 in shares ("Compensation Shares"). The Compensation Shares to be paid quarterly at the greater of (i) the prevailing 3 month VWAP at the time of issue; and (ii) the discounted market price on the last trading day of the period for which compensation is being paid.

The Chairman annual compensation is \$150,000 per annum, with 1/3 payable in cash and 2/3 Compensation Shares.

Non-executive director fees to be either all shares or cash-shares. The all shares option is \$48,000 in shares and cash-shares option is \$24,000 in cash and \$24,000 in shares. The share component is paid quarterly at the closing price of the period for which compensation is being paid.

The Chairman of the Remuneration and Audit committees compensation will receive an additional cash component of \$20,000 per year, consistent with additional cash component paid to the Chairman of the Technical committee.

All cash payments made to Directors of the Board will revert to Compensation Share payments in the event and for so long as the Company's cash balance is below \$1,000,000. In the event of a further deteriorating financial position, the Remuneration Committee will propose further amendments to necessary compensation arrangements.

### Other

### Summary Compensation Table

The compensation paid to the NEOs during the Company's three most recently completed financial years of December 31, 2020 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Year	Salary* (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)	Cash percentage of compensation (%)
					Annual incentive plans (\$)	Long-term incentive plans (\$)				
Sam Spring <sup>1 2</sup> Director and CEO	2020	300,000	Nil	84,755	82,532	Nil	Nil	Nil	467,287	57%
	2019	300,000	Nil	51,139	249,485	Nil	Nil	Nil	600,624	57%
	2018	285,000	Nil	Nil	Nil	Nil	Nil	Nil	285,000	79%
Yuying Liang <sup>2</sup> CFO	2020	7,380	Nil	Nil	Nil	Nil	Nil	Nil	7,380	51%
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Anthony Jackson <sup>3</sup> Former CFO	2020	66,420	Nil	2,053	Nil	Nil	Nil	Nil	68,473	50%
	2019	73,800	Nil	3,118	Nil	Nil	Nil	Nil	76,918	49%
	2018	76,800	Nil	25,000	Nil	Nil	Nil	Nil	101,800	54%

Notes:

- \* Salary includes cash and shares for services equity remuneration – for further details and split see “Management Contracts” section on page 23-24.
- (1) Effective April 23, 2013, Jonathan (Sam) Spring, the former VP of Corporate Development was appointed President and Chief Executive Officer. Mr. Spring was remunerated through Spring Investments and Consulting. Please refer to section “Management Contracts”
- (2) Yuying Liang was appointed as CFO on November 24, 2020. Please refer to section “Management Contracts”
- (3) Anthony Jackson resigned as CFO on November 24, 2020. Mr. Jackson was remunerated through Bridgemark Financial Corp.

## Incentive Plan Awards

### Outstanding Share-based Awards and Option-based Awards

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2020, for each NEO:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (post 3:1 consolidation) (#)	Option exercise price (post 3:1 consolidation) (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Sam Spring <sup>1</sup> Director and CEO	200,006	1.13	09/13/21	Nil	Nil	Nil	Nil
	200,007	1.58	09/13/21	Nil	Nil	Nil	Nil
	113,953	1.29	01/23/21	Nil	Nil	Nil	Nil
	113,953	1.62	01/23/21	Nil	Nil	Nil	Nil
	257,513	0.33	09/27/21	Nil	Nil	Nil	Nil
	272,683	0.75	09/27/22	Nil	Nil	Nil	Nil
	333,333	0.26	04/30/23	Nil	Nil	Nil	Nil
	80,892	0.33	04/30/22	Nil	Nil	Nil	Nil
	80,892	0.75	04/30/23	Nil	Nil	Nil	Nil
Yuying Liang CFO	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Anthony Jackson Former CFO	17,135	1.29	01/23/21	Nil	Nil	Nil	Nil
	17,135	1.62	01/23/21	Nil	Nil	Nil	Nil
	15,962	0.33	09/27/21	Nil	Nil	Nil	Nil
	16,361	0.75	09/27/22	Nil	Nil	Nil	Nil
	11,666	0.26	04/30/23	Nil	Nil	Nil	Nil

Notes:

(1)

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended December 31, 2020, for each NEO:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Sam Spring Director and CEO	84,755	Nil	Nil
Yuying Liang CFO	Nil	Nil	Nil
Anthony Jackson Former CFO	2,053	Nil	Nil

See *Securities Authorized under Equity Compensation Plans* for further information on the Company's Share Option Plan.

### Pension Plan Benefits

The Company does not have a pension plan and does not pay pension benefits to any of its NEOs or CEO.

### Termination and Change of Control Benefits

Effective September 1, 2012, the Company entered into a Consulting Agreement (the "Spring Agreement") with Spring Resources Pty Ltd. ("Spring"), a company wholly-owned and controlled by the current President and CEO of the Company. An updated Spring Agreement was entered into with Spring Investments & Consulting Pty Ltd effective September 26<sup>th</sup>, 2019. Spring may terminate the Agreement upon providing to the Company 90 days' notice in writing. Pursuant to the Agreement, if a "Change of Control" occurs (as defined in the Spring Agreement), Spring will be entitled to 6 months the monthly fee otherwise payable to Spring under the Spring Agreement plus an amount that is equivalent to one-half the average annual cash bonus paid to Spring in the two fiscal years of the Company preceding the Change of Control. See "Management Contracts."

Effective November 24, 2020, the Company entered into a Consulting Agreement (the "Canmore Agreement") with Canmore Financial Services Inc. ("Canmore"), a company wholly-owned and controlled by the current CFO of the Company. The Consulting Agreement provided for the engagement of Ms. Liang to fulfil the duties of Chief Financial Officer for the Company in consideration for the Company paying a monthly fee of \$3,150 payable in cash and \$3,000 payable in shares. Canmore may terminate the agreement upon providing to the Company 90 days' notice in writing.

**2021 Update** - Other than the above as of November 8, 2021 the Company had no agreements with any of its NEOs concerning severance payments of cash or equity compensation as a result of termination of their arrangement with the Company or as a result of a change of control of the Company.

### Director Compensation

Please refer to 2019 Updated Shares for Services Agreements section for further information in regards to Director Compensation

The compensation provided to the directors who were not an NEO for the Company's most recently completed financial year of December 31, 2020, is:

Name	Fees earned* (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)	Cash percentage of compensation (\$)
Cameron McRae <sup>(1)</sup>	150,000	Nil	28,534	Nil	Nil	Nil	178,534	28%
John Holliday <sup>(2)</sup>	138,000	Nil	28,583	Nil	Nil	Nil	166,583	26%
Lewis Marks <sup>(3)</sup>	48,000	Nil	6,272	Nil	Nil	Nil	54,272	44%
Ray Nadarajah <sup>(4)</sup>	68,000	Nil	16,012	Nil	Nil	Nil	84,012	52%

Notes:

\* Salary includes cash and shares for services equity remuneration – for further details and split see "Management Contracts" section on page 23-24.

<sup>(1)</sup> Mr. McRae was appointed as a director on August 13, 2018

- (2) Mr. Holliday was appointed as a non-independent technical director on February 1, 2017 and was subsequently appointed chairman on August 9, 2020
- (3) Mr. Marks was appointed as a director on July 30, 2018
- (4) Mr. Nadarajah was appointed as a director on May 10, 2018

The following table sets out all option-based awards and share-based awards outstanding as at December 31, 2020, for a director who was not an NEO for the Company's most recently completed financial year of December 31, 2020

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (post 3:1 consolidation) (#)	Option exercise price (post 3:1 consolidation) (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ray Nadarajah	402,377	0.33	27-Sep-21	Nil	Nil	Nil	Nil
	163,610	0.75	27-Sep-22	Nil	Nil	Nil	Nil
	81,666	0.26	30-Apr-23	Nil	Nil	Nil	Nil
Lewis Marks	117,589	0.33	27-Sep-21	Nil	Nil	Nil	Nil
	54,536	0.75	27-Sep-22	Nil	Nil	Nil	Nil
	33,333	0.26	30-Apr-23	Nil	Nil	Nil	Nil
Cameron McRae	802,264	0.33	27-Sep-21	Nil	Nil	Nil	Nil
	272,683	0.75	27-Sep-22	Nil	Nil	Nil	Nil
	142,668	0.26	30-Apr-23	Nil	Nil	Nil	Nil
John Holliday	369,053	0.33	27-Sep-21	Nil	Nil	Nil	Nil
	163,610	0.75	27-Sep-22	Nil	Nil	Nil	Nil
	81,666	0.26	30-Apr-23	Nil	Nil	Nil	Nil
	37,918	0.33	30-Apr-22	Nil	Nil	Nil	Nil
	37,918	0.75	30-Apr-23	Nil	Nil	Nil	Nil

The following table sets out the value vested or earned under incentive plans during the fiscal year ended December 31, 2020, for a director, excluding a director who is already set out in disclosure above for an NEO for the Company:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Ray Nadarajah	16,012	Nil	Nil
Lewis Marks	6,272	Nil	Nil
Cameron McRae	28,534	Nil	Nil
John Holliday	28,583	Nil	Nil

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the 2019 share option plan (the "Plan") which was previously approved by shareholders on September 25, 2019. The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company

and thereby encourage their continuing association with the Company. The Plan is administered by the Board of the Company. The Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. All options expire on a date not later than 10 years after the date of grant of such option. As noted below, the Company is seeking approval for a new EIP which will (if approved) replace the existing Plan.

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2020.

***Equity Compensation Plan Information***

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - (the Share Plan)	4,929,823	\$0.560	2,008,871
Equity compensation plans not approved by securityholders	38,602,283	\$0.750	Nil
Total	43,532,106	\$0.729	2,008,871

As of November 8, 2021, there are 11,671,090 options outstanding.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

This Information Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

No material transactions have been made with any informed person of the Company.

**MANAGEMENT CONTRACTS**

Except as set out herein, there are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

The Company entered into a Consulting Agreement dated August 19, 2012 with Spring Resources Pty Ltd. , a company wholly-owned and controlled by the current President and CEO, Jonathan (Sam) Spring (“Spring Agreement”). An updated Spring Agreement was entered into with Spring Investments & Consulting Pty Ltd effective September 26th, 2019. The Spring Agreement provided for the engagement of Mr. Spring to fulfil the duties of Chief Executive Officer. Mr. Spring’s salary package and terms of employment remain unchanged since January 1<sup>st</sup>, 2019. Details of Mr. Spring’s remuneration are provided in the Summary Compensation Table and the Shares for Services section.

The Company entered into a Consulting Agreement dated November 24, 2020 with Canmore Financial Services Inc., a company wholly-owned and controlled by the current CFO, Yuying Liang. The Consulting Agreement provided for the engagement of Ms. Liang to fulfil the duties of Chief Financial Officer for the Company in consideration for the Company paying a monthly fee of \$3,150 payable in cash and \$3,000 payable in shares. Details of Ms. Liang’s remuneration are provided in the Summary Compensation Table and the Components of Compensation section.

**The 2021 annual general and special meeting (the “Meeting”) of shareholders is to be held on December 14<sup>th</sup>, 2021 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

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

### **1. Report and Financial Statements**

The Financial Statements, Auditor's Report, and management’s discussion and analysis (“MD&A”) for the financial year ended December 31, 2020 is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Notice of Annual General Meeting of Shareholders, Information Circular, Request for Financial Statements (NI 51-102) and form of Proxy will be available from Computershare Investor Services, at 510 Burrard St, Suite 300, Vancouver, BC V6C 3B9 or from the Company at its office located at Suite 400, 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.

**The Audit Committee and Board of Directors recommends that you vote in favour of the above resolution.**

### **2. Fixing the Number of Directors**

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting.

At the Meeting, it will be proposed that five directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed.

**The Board of Directors recommends that you vote in favour of the above resolution.**

### **3. Election of Directors**

The persons named in the enclosed Instrument of Proxy intend to vote in favour of fixing the number of directors at **five (5)**.

Each Director of the Company is elected annually and holds office until the next annual general meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated, in accordance with the Articles of the Company.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a Director.

**The Board of Directors recommends that you vote for each of the management nominees.**

### **4. Appointment of Auditor**

Dale Matheson Carr-Hilton Labonte LLP (“DMCL”) is the Company’s auditor. Management is recommending the re-appointment of DMCL as Auditors for the Company, to hold office until the next annual general meeting of the shareholders at a remuneration to be fixed by the Board. Management

recommends the appointment, and the persons named in the enclosed form of Proxy intend to vote in favour of such appointment.

**The Board of Directors recommends that you vote in favour of the above resolution.**

### **5. Approval of Amendment to Articles**

The Company has completed a prospectus listing and was admitted to the official list of the ASX Limited (“ASX”) on March 29<sup>th</sup>, 2021. The ASX requires the Company to update its articles of association (“Articles”) to include certain provisions of the ASX Listing Rules in order to issue any securities that may be restricted under the ASX Listing Rules (“Restricted Securities”).

As at the date of this Circular, the Company does not have any Restricted Securities on issue. The change in the articles will facilitate the issue of options to joint lead managers of the Company’s ASX Listing.

To meet this requirement, the Company is seeking shareholder approval by way of a special resolution to amend its Articles to comply with ASX Listing Rule 9.1(a) and the requirements of ASX Listing Rule 15.12 as well as the requirements of Appendix 15A of the ASX Listing Rules.

The resolution, the full text of which is set out below (**ASX Listing Resolution**), must be passed by not less than two thirds of the votes cast by shareholders present or voting by proxy on the resolution at the Meeting:

“RESOLVED, as a special resolution, THAT:

1. The following Section 27(f) be added to the Articles

“If the Listing Rules require these Articles to contain a provision and it does not contain such a provision, these Articles are deemed to obtain that provision.”

2. The following Section 28 be added to the Articles:

Section 28 - ASX Restricted Securities

“In this Section 28, “ASX” means ASX Limited.

“Listing Rules” means the Listing Rules of ASX Limited and any other rules of ASX Limited, which are applicable to the Company while it is admitted to the Official List of ASX Limited, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX Limited.

“Dispose”, “Holding Lock”, “Restriction Deed” and “Restricted Securities” have the meaning given to them in the Listing Rules.

If and for as long as the Company is admitted to the Official List of ASX, the following provisions are to apply:

- (i) A holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, those Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.
- (ii) If the Restricted Securities are in the same class as quoted shares, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the

- Company's issuer sponsored sub-register and are to have a Holding Lock applied for the duration of the escrow period applicable to those securities.
- (iii) The Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period to those securities except as permitted by the Listing Rules or ASX.
  - (iv) A holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX.
  - (v) If a holder of Restricted Securities breaches a Restriction Deed or a provision of these Articles restricting a Disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.”
3. Pursuant to section 259 of the British Columbia Business Corporations Act, the addition of Section 27(f) and Section 28 of the Articles per this Resolution 5 shall not take effect until a copy of this resolution is received for deposit at the Company's records office and, if necessary, a Notice of Alteration identifying the date of this resolution has been filed with the Registrar of Companies.
  4. Any one director or officer of the Company be authorized to execute and deliver all such documents and instruments, including a Notice of Alteration, and to do such further acts, as may be necessary to give full effect to this resolution or as may be required to carry out the full intent and meaning thereof.
  5. The directors of the Company be and are authorized to revoke this special resolution before it is acted on without further approval of the Shareholders.”

**The Board of Directors recommends that you vote in favour of the above resolution.** Unless such authority is withheld, the management representatives named in the as incorporated in Form of Proxy intend to vote for the ASX Listing resolution.

## **6. Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to ASX Listing Rule 7.1A**

### 6.1 General

ASX Listing Rule 7.1A provides that, in addition to the 15% placement capacity permitted without prior shareholder approval under ASX Listing Rule 7.1 an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue, during the period the approval is valid, a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period as adjusted in accordance with the formula in ASX Listing Rule 7.1 (10% Placement Facility). The expression “equity securities” has the meaning given in the ASX Listing Rules.

An eligible entity is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis). At the date of this Circular, the Company is an eligible entity. Note however that if, on the date of this Meeting, the market capitalisation of the Company exceeds \$300 million or the Company

has been included in the S&P/ASX 300 Index, then this Resolution 6 will no longer be effective and will be withdrawn.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility available under ASX Listing Rule 7.1A. The maximum number of equity securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

*Outcome of this Resolution*

If Shareholders approve Resolution 6:

- (a) the number of equity securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below); and
- (b) the Company will be able to issue equity securities up to the combined 25% limits in Listing Rules 7.1 and 7.1A without further shareholder approval.

If Resolution 6 is not passed, the Company:

- (a) will not be able to access the additional 10% capacity to issue quoted Equity Securities without Shareholder approval available under ASX Listing Rule 7.1A, and
- (b) will remain subject to the 15% limit on issuing (or agreeing to issue) Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1.

*Type of equity securities*

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company has one class of quoted equity securities on issue, being CDI's over Common Shares (ASX Code: KCC).

*Formula for calculating 10% Placement Facility*

The maximum number of equity securities that may be issued by the Company under the 10% Placement Facility pursuant to Listing Rule 7.1A2 is calculated in accordance with the following formula:

$$(A \times D) - E$$

“A” is the number of Shares on issue 12 months before the date of issue or agreement to issue:

- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- (b) plus the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 where:
  - (i) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken under those rules to have been approved, under ASX Listing Rule 7.1 or 7.4
- (c) plus the number of fully paid ordinary shares issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 Exception 16 where:
  - (i) the agreement was entered into before the commencement of the relevant period; or
  - (ii) the agreement or issue was approved, or taken under those rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
  - (iii) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (d) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without Shareholder approval; and
- (e) less the number of Shares cancelled in the previous 12 months.

“D” is 10%

“E” is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.4.

The ability of an entity to issue equity securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. The actual number of equity securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula stated above.

#### *10% Placement Period*

If Shareholders approve this Resolution 6, the Company's ability to issue quoted equity securities under the 10% Placement Facility will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next annual general meeting.;
- (iii) the time and date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.1 or 11.2,

#### *10% Placement Period*

If Shareholders approve this Resolution 6, the Company's ability to issue quoted equity securities under the 10% Placement Facility will commence on the date of the Meeting and expire on the first to occur of the following:

- (j) the date that is 12 months after the date of the Meeting;

- (ii) the time and date of the Company's next annual general meeting;
- (iii) the time and date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.1 or 11.2,  
(the "10% Placement Period").

#### *Minimum Issue Price and Cash Consideration*

The issue price of equity securities issued under Listing Rule 7.1A must be a cash consideration per equity security of not less than 75% of the volume weighted average market price (VWAP) of equity securities in the same class calculated over the 15 Trading Days on which trades in the class were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed by the Company and the recipient of the equity securities; or
- (ii) if the equity securities are not issued within 10 Trading Days of the date in paragraph (a) above, the date on which the equity securities are issued.

#### *Purpose of Funds Raised*

Funds raised from the issue of equity securities under the 10% Placement Facility are intended to be used towards advancing existing assets and investments, the acquisition and development of new assets and investments, corporate and administration costs and working capital.

#### *Economic and Voting Dilution Risk*

If Resolution 6 is approved by Shareholders and the Company issues equity securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are exercised). There is a risk that:

- (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
- (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date, which may have an effect on the amount of funds raised by the issue of the equity securities.

The dilution table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The dilution table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100% and the voting dilution impact of such an increase. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A)	Dilution			
	Issue Price (per Share)	A\$0.0775 (50% decrease in current issue price)	A\$0.155 (Current issue price)	A\$0.31 (100% increase in current issue price)
120,712,026 (Current Variable A)	Shares issued – 10% voting dilution	12,071,203	12,071,203	12,071,203
	Funds raised	\$ 935,518	\$ 1,871,036	\$ 3,742,072
181,068,039 (50% increase in Variable A)	Shares issued – 10% voting dilution	18,106,804	18,106,804	18,106,804
	Funds raised	\$ 1,403,277	\$ 2,806,544	\$ 5,613,109
241,424,052 (100% increase in Variable A)	Shares issued – 10% voting dilution	24,142,405	24,142,405	24,142,405
	Funds raised	\$ 1,871,036	\$ 3,742,072	\$ 7,484,145

The dilution table has been prepared on the following assumptions.

- (i) The current issue price is A\$0.155 being the closing price of the CDIs on the ASX on 12 November 2021.
- (ii) The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only Shares are issued and no convertible securities are converted) and no shares are issued under the 15% placement capacity under Listing Rule 7.1.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- (iv) The Company issues the maximum number of equity securities available under the 10% Placement Facility.
  - (i) The issue price of the Placement Securities used in the table is the same as the market price and does not take into account the discount to the market price (if any).
  - (ii) The issued share capital (Variable A) shows the present issued share capital (assumes the full 15% placement capacity under listing rule 7.1 is available) and also shows additional scenarios in which the Issued share capital has increased (by both 50% and 100%) and the market price of the shares has decreased by 50% and increased by 100%.

#### *Allocation Policy*

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the recipients of equity securities will be determined on a case-by-case basis having regard to the factors set out in the Company's allocation policy, including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the equity securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The recipients under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Substantial Holders and/or new Shareholders who are not related parties or associates of a related party of the Company.

*Use of 10% Placement Facility in prior 12 months*

The Company has not had this 10% Placement Facility in place before and has therefore not issued, nor agreed to issue, any equity securities under Rule 7.1A.2 in the 12-month period preceding the date of this Meeting and had not agreed, before the 12-month period referred to in the preceding paragraph, to issue any equity securities under rule 7.1A.2 where such securities remain unissued as at the date of this Meeting.

*Voting Exclusion*

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of equity securities under Listing Rule 7.1A.2 and has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. Therefore, a voting exclusion statement is not required under Listing Rule 7.3A.7.

*Resolution*

To consider, and if thought fit, to pass with or without amendment the following as a **Special Resolution**:

“That, for the purposes of Listing Rule 7.1A, the Shareholders approve the issue of up to 10% of the issued capital of the Company calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Information Circular.”

**The Board of Directors recommends that you vote in favour of the above resolution.**

## 7. Approval of a new Equity Incentive Plan

The Company is seeking shareholder approval for the new Equity Incentive Plan (“EIP”) that was approved by the Company’s board on 1<sup>st</sup> October, 2021. The EIP will replace the stock option plan (the “Plan”) which was approved by Shareholders at the Company’s Annual and General Meeting held on November 22, 2013. Under this new EIP, issuances of options and performance rights will be limited to the greater of 20% of the issued shares of the Company at the time the EIP is adopted or the limits approved for the purposes of the ASX Listing Rules (which are set out below). The EIP is attached – [a copy attached Schedule “A”].

### *Summary of Material Terms of the EIP*

1. The statement objectives of the EIP are:
  - To provide eligible participants with an additional incentive to work to improve the performance of the Company;
  - attract and retain participants essential for the continued growth and development of the Company;
  - promote and foster loyalty and support amongst participants for the benefit of the Company;
  - enhance the relationship between the Company and participants for the long-term mutual benefit of all parties; and
  - provide participants with the opportunity to acquire options or performance rights in the Company, in accordance with the EIP rules.
2. Options and performance rights can be issued under the EIP. The main distinction between performance rights and options are that the performance rights typically convert without payment on satisfaction of pre-determined milestones which may be time based or may be performance based (or both). The terms of options and performance rights (including any performance milestones) are to be set out in invitation documents provided to participants and will be determined by the Board.
3. Rules of the TSX Venture Exchange and ASX guide the operation of the plan. The ASX has granted a waiver of Listing Rules 10.11 (relating to approvals required for issues to related parties and other persons listed in that rule – refer below) and 10.18 (relating to the payment of termination benefits to related parties) on conditions that the Company comply with the TSX rules and report annual on the number of securities issued to directors or related parties.
4. Shareholder approval is being sought for the purposes of the TSX Venture Exchange rules to approve the adoption of the EIP and the issue of options or performance rights under the EIP not exceeding either: (a) 20% of the Company’s issued capital at the time of adopted of the EIP; and (b) the amount approved for the purposes of the ASX rules, being up to a further 7,000,000 rights to securities (currently intended to be performance rights) under the EIP without further shareholder approval. As outlined below under the heading “Performance Rights Issue to Directors” the approval sought for the EIP is proposed to replace, in part, the Company’s existing Shares-for-Services Plan arrangements for certain directors and officers.

5. Pursuant to the TSX Venture Exchange rules, grants under the EIP are subject to limitations which include:
  - A requirement that no issue be made to any person whose rights or options would represent greater than 5% of the Company.
  - No individual consultant or IR consultant may be granted options or rights in a 12 month period which exceed 2% of the issued capital (calculated on the date the option/right is granted).
6. The EIP contains terms around the treatment of vested and unvested options or performance rights in the event a participant ceases to be an employee or consultant of the Company which include:
  - The lapse of any unvested options or performance rights where a participant is a bad leaver and a requirement to exercise any vested options or performance rights within 60 days (subject to the EIP rules).
  - The ability for participants to retain a pro-rata percentage of unvested performance rights and options in the where the participant is a good leaver and a requirement to exercise those retained options or performance rights within a period not longer than 12 months from the date the participant ceases to be an eligible employee under the EIP rules).
7. The EIP otherwise contains terms which are typical to similar equity incentive plans including processes for the issues of applications for options and performance rights and processes for exercise and lapse of options and performance rights; adjustments in the event of reconstructions; accelerated vesting in the case of certain corporate control events.

As noted above a copy of the EIP is attached.

#### *Performance Rights Issue to Directors*

Certain directors have elected to accept the share component of their existing remuneration packages in the form of performance rights in lieu of a shares for service payment under the Company's existing Shares-for-Services Plan. For clarity, the total compensation agreements have not changed with shareholder and TSX Venture Exchange approvals in place for the existing agreements.

Specifically, directors Mr Spring and Mr McRae and Mr Holliday have agreed to forego the shares component of the fees under the Shares-for-Services Plan and for performance rights to be issued. If, due to the EIP plan limits, the number of performance rights specified below cannot be issued the Company may elect to pay cash in lieu of those performance rights.

The Company has a waiver of Listing Rule 10.11 to permit the issue of securities to related parties (which would include Mr Spring and MR McRae as directors of the Company), subject to certain conditions including compliance with the TSX Venture Exchange Rules and annual reporting obligations.

The number of performance rights proposed to be issued to the Directors noted above will be calculated by dividing the value of the salary sacrificed by the 5-day VWAP applying immediately after the conduct of the 2021 AGM.

The performance rights are proposed to be issued within the issued capital limits approved for the EIP – referred to above.

For information, Directors Marks and Nadarajah, and CFO Ms Liang will continue to receive payment of fees under the Shares-for-Services Plan, where the share component of the debt will be paid in shares issued quarterly in arrears where the share price will continue to be determined by reference to the higher of the 5 day VWAP for the last week of the quarter just past or the last closing price.

It should be noted that the remuneration levels for directors have not increased since January 2019.

#### *CEO Bonus 2020*

The performance of the Chief Executive Officer was assessed by the Remuneration Committee against his CY2020 KPI's. Overall, the performance of the CEO was, in the view of the Remuneration Committee, excellent for the year highlighted by a number of successful operational and financial achievements. The score was negatively impacted by the successful IPO and fundraise being deliberately moved into Q1 2021, and positively impacted by a significant re-rate in the share price.

A total bonus of C\$265,644 was awarded with C\$159,273 to be taken in the issue of performance rights over the subsequent 3 calendar years – 1/3 vesting at the end of 2021, 2022 and 2023. The long-term share grant component of the performance bonus will be priced at C\$0.30 cents, which is equivalent to the 12 month 2020 VWAP.

The Company has a waiver of Listing Rule 10.11 to permit the issue of securities to related parties (which would include Mr Spring as a director of the Company), subject to certain conditions including compliance with the TSX Venture Exchange Rules and annual reporting obligations.

The 530,519 performance rights proposed to be issued to Sam Spring will vest progressively over three years as noted above and will entitle Sam Spring to one share (or CDI) for every performance right on vesting.

The performance rights for the CEO 2020 bonus are proposed to be issued within the issued capital limits approved for the EIP referred to above.

#### *ASX Listing Rule Information*

In addition to the above summary, for the purposes of approval of the plan pursuant to ASX Listing Rule 7.2 Exception 13, the Company notes that:

1. As the EIP is a new incentive scheme no securities have been issued under it. However, if the EIP is approved the 7,580,575 options issued on 1 October 2021 will be subject to the EIP rules.
2. As noted above, in addition to the 7,580,575 options issued on 1 October 2021, the Company is seeking approval to issue up to a further 7,000,000 performance rights or options under the EIP, which is proposed to replace the Company's existing Shares-for-Services Plan arrangements for certain directors and officers (further details provided above). Further details of current proposed issues under the EIP are set out above (which relate to a CEO Bonus and various arrangement with directors to take performance rights in lieu of salary), the remaining capacity under the EIP limits may be used for future incentives to directors, employees (including new employees) or consultants.

#### *Resolution*

**An ordinary resolution requires the favourable vote of a simple majority of the votes cast in person or by proxy at the Meeting. Management of the Company recommends that the Shareholders approve the following resolution:**

“RESOLVED THAT

1. the Company’s Equity Incentive Plan be hereby ratified and confirmed and is approved for the purposes of ASX Listing Rule 7.2 Exception 13 for the issue of up to 14,580,575 options or performance rights as described in the MIC;
2. the Board of Directors be authorized to grant options or performance rights under and subject to the terms and conditions of the EIP, and subject to the rules and waivers of the TSX Venture Exchange and ASX, which may be exercised to purchase up to 20% of the issued Common Shares of the Company as at the date the EIP is approved
3. the outstanding stock options which have been granted prior to the implementation of the EIP (set out in item 8 below) shall, for the purpose of calculating the number of stock options or performance rights that may be granted under the EIP, be treated as options granted under the EIP; and
4. any one director or officer of the Company be authorized and directed to perform such acts and deeds and things and execute all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions.”

A full copy of the Plan will be available for inspection at the Meeting and is provided in the MIC.

#### *Voting Exclusion*

The Company will disregard any votes cast in favour of or on behalf of a person who is eligible to participate in the employee incentive scheme or any of their associates. However, this does not apply to a vote cast in favour by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Accordingly, for the purposes of this resolution the Directors and the Officers will abstain from voting.

**The Board of Directors recommends that you vote in favour of the above resolution.**

**The Company's Board of Directors, as part of the 2021 Remuneration review approved a number of resolutions, on October 1<sup>st</sup>, 2021, which are subject to shareholder approval at the Company's 2021 AGM. The following information is provided to shareholders for their consideration and to assist voting.**

## **8. Ratification of Prior Options Issue**

### *Background*

Kincora has historically issued options to directors and key staff up to 10% of the issued TSX Venture Exchange listed capital.

Since the last issuance of options in January 2021 two key events have occurred:

- Kincora has undergone a 3:1 share consolidation and subsequently has raised A\$10m in cash via the March 2021 IPO.
- A large batch of options have expired in September 2021.

The combined effect of these two events has seen the number of “live options” as a percentage of total equities (shares and CDI's) issued decrease to 3.72%.

The Board of Directors approved on October 1<sup>st</sup>, 2021:

- The issuance of additional options, to senior executives and board directors, to achieve a ratio of “live options to total securities on issue” of 10%.
- An increase in the proportion of options accruing to key full time executives – from 37% to 47%.
- Key terms of the options issue are a term of 2.5 years with an option price of 20c increasing to 30c after 18 months.

The pricing of the options was carefully considered with the following factors taken into account:

- The ASX IPO issue price of A\$0.20 cents per share.
- Options issued to the Lead Managers of the IPO at A\$0.30 per share (3 year tenure with a 2 year lock up).
- An ASX price of A\$0.14 (September 30th), with 7 day and 30 day VWAPs of A\$0.15 and A\$0.17 .

The Company believes that this issue and allocation adjustment will be motivational to directors and executives and aligned to shareholders focus on adding value to KCC.

Kincora's new EIP is subject to the rules (and waivers) of the two bourses it is listed in – the TSX Venture Exchange and ASX. The table below provides the details of the move from the current options pool allocation to the recommended allocation. It also highlights the allocations to directors and senior staff (column C) and the pool allocation to them.

	Options %'s to apply after top up (excl residual)	Additional options (1 October 2021) (C)	Total Options after issue
Cameron McRae	24.2%	1,993,509	2,870,998
John Holliday	13.2%	1,003,824	1,565,999
Ray Nadarajah	12.0%	979,232	1,423,636
Lewis Marks	3.6%	268,912	427,091
Subtotal	53.0%		
Sam Spring	30.5%	1,767,582	3,618,407
Peter Leaman	4.0%	305,309	474,545
Yuling Liang	2.5%	263,257	296,591
Paul Cromie	4.0%	407,878	474,545
Sam McRae	2.0%	212,273	237,273
Molor Erdenebat	2.0%	189,400	237,273
Tsolmon Amгаа	2.0%	189,400	237,273
Subtotal	47.0%		
	100.0%	7,580,575	11,863,630
Others not allocated this round	0.0%	-	207,573
Total	100.0%	7,580,575	12,071,203

If the EIP is not approved the options referred to in column C will lapse. If the EIP is approved the options referred to in column C will be subject to the EIP rules and be calculated for the purposes of assessing the total number of options and performance rights which may be issued under the EIP limits.

#### *ASX Listing Rule Information*

The Company is also seeking approval to ratify the prior issue of 7,580,575 options for the purposes of ASX Listing Rule 7.4.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the share capital of the Company at the commencement of that twelve (12) month period.

The 7,580,575 options referred to above were issued without shareholder approval under ASX Listing Rule 7.1.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities, or an agreement to issue securities, made pursuant to ASX Listing Rule 7.1 provided the previous issue did not breach ASX Listing Rule 7.1 those securities will be deemed to have been issued or agreed to be issued with shareholder approval for the purposes of ASX Listing Rule 7.1. The Company seeks approval

under ASX Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under ASX Listing Rule 7.1.

The following information is provided in respect of this resolution for the purposes of ASX Listing Rule 7.5:

- The options were issued to the persons named in the table above.
- 7,580,575 options were issued.
- The options have the terms described above. Key terms of the options issued are a term of 2.5 years with an option price of 20c increasing to 30c after 18 months.
- The issue date was 1 October 2021.
- No funds were raised from the issue, funds raised if the options are exercised will be applied to the working capital requirements of the Company at the time of exercise.

#### *Resolution*

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“RESOLVED THAT for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the prior issue of 7,580,575 options as described above.”

#### *Voting Exclusion*

The Company will disregard any votes cast in favour of this resolution by or on behalf of any person who participated in the issue or is a counterparty to the agreement being approved or any associate of that person. However, this does not apply to a vote cast in favour of this resolution:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**The Board of Directors recommends that you vote in favour of the above resolution.**

## **9. Approve Shares for Services Agreement**

Upon the policies of the Exchange, shareholder approval is required for the issuance of the Compensation Shares (as defined in the Information Circular “Management Contract”).

Therefore, shareholders will be asked to consider and, if thought fit, approve the following resolution:

Resolved that the issuance of the Compensation Shares for the Canmore Agreement, as more particularly detailed in the Information Circular and is hereby approved.

For the purpose of this resolution, the Directors and CFO will abstain from voting.

**The Board of Directors recommends that you vote in favour of the above resolution.**

## **10. To transact such other business as may properly come before the Meeting**

### **ADDITIONAL INFORMATION**

Financial information is provided in the audited financial statements of the Company for the year ended December 31, 2020 and in the related management discussion and analysis and filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information relating to the Company is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and upon request from the Company’s Corporate Secretary at Suite 400, 837 West Hastings Street, Vancouver, BC V6C 3N6, telephone number: 604-630-8812 or fax number 1-888-241-5996. Copies of documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

Full details on and materials for the Meeting and webcast will be made available at: <https://kincoracopper.com/agm-materials/>

### **OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

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

**DATED** at Vancouver, British Columbia, this 8<sup>th</sup> day of November 2021.

**BY ORDER OF THE BOARD**

Jonathan (Sam) Spring  
President & Chief Executive Officer

**This announcement has been authorised for release by the Board of Kincora Copper Limited (ARBN 645 457 763)**

**For further information please contact:**

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Level 25, 700 West Georgia Street  
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**Subsidiary office Australia**

Leydin Freyer Corp Pty Ltd  
Level 4, 100 Albert Road  
South Melbourne, VIC 3205

**Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) or the Australian Securities Exchange accepts responsibility for the adequacy or accuracy of this release.**

**SCHEDULE "A"**

**KINCORA COPPER LTD**

**[ARBN 645 457 763]**

**British Columbia Incorporation Number C0694911]**

**EQUITY INCENTIVE PLAN**

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## 1 Introduction

### 1.1 Name of Plan

The Plan is called the *Kincora Equity Incentive Plan*.

### 1.2 Objects of Plan

The objects of the Plan are to:

- (a) provide Eligible Employees with an additional incentive to work to improve the performance of the Company;
- (b) attract and retain Eligible Employees essential for the continued growth and development of the Company;
- (c) promote and foster loyalty and support amongst Eligible Employees for the benefit of the Company;
- (d) enhance the relationship between the Company and Eligible Employees for the long-term mutual benefit of all parties; and
- (e) provide Eligible Employees with the opportunity to acquire Shares, Options or Rights in the Company, in accordance with these Rules.

### 1.3 Commencement of Plan

The Plan commences on the date determined by the Board, subject to shareholders having approved the Plan by a resolution passed in accordance with the Listing Rules and where necessary the Corporations Act and the rules and policies of the TSX-V, including approval by disinterested shareholders of the Company as required by the TSX-V.

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## 2 Defined terms and interpretation

### 2.1 Defined terms

In these Rules, unless the context otherwise requires:

**Affected Options** has the meaning given in Rule 17.

**Affected Rights** has the meaning given in Rule 17.

**Applicable Law** means, subject to Rule 28, one or more, as the context requires, of:

- (a) the rules and policies of the TSX-V;
- (b) the Corporations Act;
- (c) the Corporations Regulations;

- (d) the ASX Listing Rules;
- (e) the Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth);
- (f) any other applicable securities law or other laws;
- (g) any class order, declaration, exemption or modification made by ASIC pursuant to any of the abovementioned statutes, regulations or laws, or any waiver from the Listing Rules granted by ASX, on which the Company seeks to rely or that binds the Company in making any Offer or otherwise in connection with the operation of the Plan; and
- (h) the Constitution.

**Application** means a duly completed and executed application for the issue of Options or Rights made by an Eligible Employee in respect of an Offer, in the form approved by the Board from time to time.

**Articles** means the Articles of the Company (as amended from time to time).

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691.

**Bad Leaver** has the meaning given in Rule 14.1.

**Board** means all or some of the Directors of the Company acting as a board.

**Business Day** means a day on which banks are open for general banking business in Melbourne, Victoria, excluding Saturdays, Sundays and public holidays.

**Business Hours** means from 9.00am to 5.00pm on a Business Day.

**Capital Reconstruction** means any of the following events:

- (a) the Company issues Shares by way of capitalisation of profits or reserves;
- (b) the Company gives shareholders the right (pro-rata with existing shareholding and on terms including the payment of some consideration by the shareholders on exercising the right) to subscribe for additional Shares;
- (c) the Company subdivides or consolidates the Shares;
- (d) the Company returns issued share capital to holders of Shares;
- (e) the Company issues or cancels Shares on a pro-rata basis; or
- (f) the Company reorganises its issued capital in any other manner that is not referred to above (other than in lieu of dividends or by way of a dividend reinvestment).

**Certificate** means a certificate issued under Rule 8.3 in the form approved by the Board from time to time or, if the Board determines that Options or Rights are uncertificated, then a statement to the Participant disclosing the information in Rule 8.3.

**CDI** means a CHESSE Depository Interest over a Share.

**Company** means Kincora Copper Limited [ARSN 645 457 763] [British Columbia Incorporation Number C0694911]

**Consultant** means, in relation to the Company, an individual or company that:

- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to a body corporate in the Group, other than services provided in relation to a distribution of securities of the Company
- (ii) provides the services under a written contract between the body corporate in the Group and the individual or company, as the case may be;
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Group; and
- (iv) has a relationship with the Company that enables the individual to be knowledgeable about the business and affairs of the Company;

**Corporate Control Event** means the occurrence of one or more of the following events:

- (a) a take-over bid (as defined under applicable securities laws) is made for Shares or convertible securities of the Company which, if successful, would result (assuming the conversion, exchange or exercise of the convertible securities, if any, that are the subject of the take-over bid), in any person or persons acting jointly or in concert (as determined under applicable securities laws) or persons associated or affiliated with such person or persons (as determined under applicable securities laws) beneficially, directly or indirectly owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all Shares in the capital of the Company that may be cast to elect Directors;
- (b) the acquisition by any person or persons acting jointly or in concert (as determined under applicable securities laws), directly or indirectly, of Shares or of convertible securities of the Company which, when added to all other securities of the Company at the time held by such person or persons, persons associated with such person or persons, or persons affiliated with such person or persons (as determined under applicable securities laws) (collectively, the "Acquirors"), and assuming the conversion, exchange or exercise of convertible securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning Shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all Shares in the capital of the Company that may be cast to elect Directors; or
- (c) any other merger, consolidation, arrangement, amalgamation or other business combination (a "Business Combination") involving the Company occurs or is proposed and receives the approval or, or is accepted by, the securityholders of the Company (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Company, and as a result of that Business Combination both of the following apply:
  - (i) the merger, consolidation, arrangement, amalgamation or business combination results in the holders of Shares immediately prior to the merger, consolidation or amalgamation having relevant interests, in aggregate, in 50% or less of the voting

shares in the body corporate resulting from the merger, consolidation or amalgamation; and

- (ii) the Board determines that the relevant circumstances constitute a Corporate Control Event for the purposes of these Rules.

**Corporations Act** means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57.

**Corporations Regulations** means the *Business Corporations Regulations*, B.C. Reg 654/2014.

**Date of Grant** means, with respect to an Option or Right, the date on which the Board grants or issues the Option or Right, as the case requires, to an Eligible Employee.

**Deal or Dealing** means, in relation to an Option or Right:

- (a) to sell, transfer, assign, novate, swap, declare a trust over, grant a Security Interest over, dispose of or otherwise alienate or deal with any legal or equitable interest in the Option or Right (as applicable); or
- (b) taking any steps or attempting to do any of the things set out in paragraph (a).

**Director** means a director of the Company (including a non-executive director).

**Eligible Employee** means an Employee whom the Board determines is to be issued (or transferred) Options or Rights under the Plan. For Options or Rights granted to Employees, Consultants or Management Company Employees, the Company and the recipient are responsible for ensuring that the Eligible Employee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

**Employee** means:

- (a) a full-time or part-time employee of a body corporate in the Group (including any employee on parental leave, long service leave or other special leave as approved by the Board);
- (b) a director or officer of a body corporate in the Group who holds a salaried employment or office in a body corporate in the Group;
- (c) a Director (whether executive or non-executive);
- (d) a Consultant; or
- (e) a Management Company Employee.

**Exercise Period** means the period commencing on the First Exercise Date and ending on the Last Exercise Date.

**Exercise Price** means the amount (if any) payable by the holder of an Option or Right on the exercise of the Option or Right, being the amount (or manner of determining the amount) fixed at the time of the issue of the Option or Right and as determined under Rule 5.5.

**Final Acceptance Date** has the meaning given in Rule 5.3 (c).

**First Exercise Date** with respect to an Option or Right means the date specified in an Offer (or determined under Rule 14.3(a)).

**Good Leaver** has the meaning given in Rule 14.2.

**Grant Conditions** means the conditions (if any) determined by the Board and specified in (or attached to) an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option or Right will be granted.

**Group** means the Company and its Subsidiaries.

**Holding Lock** means a mechanism arranged or approved by the Board and administered by the Company (including through its share registry) that prevents Shares being disposed of by a Participant.

**Holding Statement** means a statement issued by the share registry of the Company detailing a Participant's holding of Shares.

**Investor Relations Activities** has the meaning ascribed thereto in the TSX-V's Corporate Finance Manual.

**Issue Price** means the amount (if any) payable per Option or Right by an Eligible Employee on application for Options or Rights offered under an Offer.

**Last Exercise Date** with respect to an Option or Right means:

- (a) the date specified in an Offer or Certificate; or
- (b) if no date is specified in an Offer or Certificate, the date two years after the First Exercise Date,

but in any event shall not be later than the date which is 10 years from the Date of Grant.

**Legal Personal Representative** means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person.

**Listing Rules** means the listing rules of the ASX and the rules and policies of the TSX-V or of another exchange as they apply to the Company from time to time.

**Management Company Employee** means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a person engaged in Investor Relations Activities.

**Nominated Party** means, in respect of an Eligible Employee:

- (c) a company in which all of the issued shares are beneficially held by, and all of the voting rights are beneficially held by the Eligible Employee; or
- (d) any other person approved by the Company and allowed by the Listing Rules.

**Notice of Exercise** means a duly completed and executed notice of exercise of an Option or Right by a Participant, in the form approved by the Board from time to time.

**Offer** means an invitation to an Eligible Employee to apply for the issue (or transfer) of Options or Rights pursuant to the Plan.

**Option** means an option issued to a Participant under the Plan to acquire a Share, subject to the terms of the Offer and these Rules.

**Option Vesting Conditions** means the performance, vesting or other conditions (if any) determined by the Board and specified in a Certificate or Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option vests and can, during the Exercise Period, be exercised.

**Participant** means a person who holds Options or Rights issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant.

**Plan** means the *Kincora Equity Incentive Plan*, governed by these Rules.

**Redundancy** means the termination or cessation of a Participant's employment or office with a body corporate in the Group as a result of redundancy.

**Restriction Period** means the period determined by the Board (if any) and specified in an Offer as the period during which Shares acquired (upon the exercise of an Option or Right) will be Restricted Shares and held in the Plan and subject to the restrictions on disposal under Rule 13.

**Restricted Shares** has the meaning given to this term in Rule 13.1.

**Right** means a conditional right issued to a Participant under the Plan to receive a Share, subject to the terms of the Offer and these Rules.

**Right Vesting Conditions** means the performance, vesting or other conditions determined by the Board (if any) and specified in a Certificate or Offer which are, subject to these Rules, required to be satisfied, reached or met before a Right vests and can, during the Exercise Period, be exercised.

**Rules** means the rules governing the operation of the Plan set out in this document as amended from time to time.

**Security Interest** means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature (including the registration or perfection of that security interest under the *Personal Property Securities Act 2009* (Cth)).

**Shares** means common shares in the capital of the Company or a CDI.

**Special Circumstance** means with respect to a Participant:

- (a) Total and Permanent Disablement;
- (b) Redundancy; or
- (c) the death of the Participant.

**Subsidiary** means, in respect of a company, a company that:

- (a) is controlled by:

- (i) that other company;
  - (ii) that other company and one or more companies controlled by that other company; or
  - (iii) 2 or more companies controlled by that other company; or
- (b) it is a subsidiary of a subsidiary of that other company;

For the purposes of this definition, a company is controlled by a person if (a) shares of the company are held, other than by way of security only, by the person, or are beneficially owned, other than by way of security only, by (i) the person, or (a company controlled by the person, and (b) the votes carried by the shares mentioned in (a) are sufficient, if exercised, to elect or appoint a majority of the directors of the company.

**Tax** includes any tax, levy, impost, goods and services tax, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing.

**Total and Permanent Disablement** means the termination or cessation of a Participant's employment with a body corporate in the Group as a result of total and permanent disablement, as determined by the Board.

**TSX-V** means the TSX Venture Exchange.

**Unvested Option** means an Option that is not a Vested Option.

**Unvested Right** means a Right that is not a Vested Right.

**Vested Option** means an Option in respect of which all of the Option Vesting Conditions (if any) have been satisfied or waived.

**Vested Right** means a Right in respect of which all of the Right Vesting Conditions (if any) have been satisfied or waived.

**Vesting Conditions** means an Option Vesting Conditions and Right Vesting Conditions.

**Vesting Notice** means a notice to a holder of an Option or Right that, to the extent specified in the vesting notice, the Vesting Conditions applicable to the Option or Right have been satisfied, or waived by the Board.

**Vesting Period** means the period (if any) determined by the Board and specified in the terms of an Offer during which in the case of an Offer of Options or Rights, any Option Vesting Conditions or Right Vesting Conditions (as applicable) are required to be satisfied (unless such Vesting Conditions are waived in accordance with these Rules) before the Options or Rights vest and can, during the Exercise Period, be exercised.

## 2.2 Interpretation

In these Rules, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these Rules;

- (b) reference to any legislation or a provision of any legislation includes a modification or re-enactment of the legislation or a legislative provision substituted for, and all legislation and statutory instruments and regulations issued under, the legislation;
- (c) words denoting the singular include the plural and vice versa;
- (d) words denoting a gender include the other genders;
- (e) reference to any document or agreement includes reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (f) where any word or phrase is given a defined meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (g) reference to a rule or paragraph is a reference to a rule or paragraph of these Rules, or the corresponding Rule or Rules of the Plan as amended from time to time; and
- (h) where an act or thing must be done on a particular day or within a particular period, that act or thing must be done before, and that period ends at, 5.00pm Melbourne, Australia time on the relevant day.

### **2.3 Primary instruments and Listing Rules**

These Rules are to be interpreted subject to the Applicable Laws.

A reference to, or to complying with, the Listing Rules or any requirement of ASX (or any other exchange) only applies while the Company is admitted to the official list of ASX (or is listed on the other exchange).

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## **3 Principal conditions**

### **3.1 Compliance with laws**

No Option or Right may be issued to, or exercised by, an Eligible Employee or Participant if to do so would contravene an Applicable Law.

### **3.2 No financial assistance**

No person may, whether directly or indirectly, provide financial assistance to an Eligible Employee for the purposes of, or in connection with, the acquisition of Options or Rights under the Plan.

### **3.3 Plan limit**

An Offer of Options or Rights must not be made if the total number of Shares which would be issued if those Options or Rights were exercised plus:

- (a) the total number of Shares which would be issued if all outstanding Offers were accepted and all outstanding Options and Rights were exercised or vested (as applicable) (and all outstanding Offers, Options and Rights under any other employee incentive scheme of the Company were accepted, exercised or vested (as applicable)); and

(b) the number of Shares issued since the last date on which shareholder approval was received for the Plan,

would exceed the greater of:

(c) ♦ Shares; or

(d) the number as may be thereafter have been approved by shareholders in accordance the Listing Rules.

### 3.4 Limitations on Grants

So long as the Company is listed on the TSX-V, all grants are subject to the following limitations:

- (a) **To any one person.** The aggregate number of Options or Rights granted to any one Eligible Employee (and companies wholly owned by that Eligible Employee) pursuant to this Plan and any other share compensation arrangement in a 12 month period must not exceed 5% of the issued shares of the Company, calculated on the date an Option or Right is granted to the Eligible Employee (unless the Company has obtained the required disinterested shareholder approval).
- (b) **To Consultants.** The aggregate number of Options or Rights granted to any one Consultant in a 12 month period pursuant to this Plan and any other share compensation arrangement must not exceed 2% of the issued shares of the Company, calculated at the date an Option or Right is granted to the Consultant;
- (c) **To persons conducting investor relations activities.** The aggregate number of Options granted to all Eligible Employees retained to provide Investor Relations Activities pursuant to this Plan and any other share compensation arrangement must not exceed 2% of the issued shares of the Company in any 12 month period, calculated at the date an Option or Right is granted to any such Eligible Employee. If the Company is listed on the NEX board of the TSX-V, no Options or Rights are permitted to be granted to Eligible Employees who provide Investor Relations Activities;
- (d) **To Eligible Charitable Organizations.** The aggregate number of Options or Rights granted and outstanding to eligible charitable organizations pursuant to this Plan and any other share compensation arrangement must not at any time exceed 1% of the issued shares of the Company, as calculated immediately subsequent to the grant of any Options or Rights to eligible charitable organizations.

### 3.5 Director participation

If the Company is admitted to the official list of ASX at the time, neither Shares, subject to any waiver granted by ASX, Options nor Rights may be issued to persons referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 pursuant to the Plan unless prior approval of the Company's shareholders is obtained in accordance with the Listing Rules.

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## 4 Operation of the Plan

The Plan operates according to these Rules which bind the Company, any Subsidiary and each Participant.

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## 5 Offers

### 5.1 Board may make Offer

Subject to these Rules, the Board may from time to time make an Offer to an Eligible Employee.

### 5.2 Form of Offer

An Offer must be in writing and, subject to Rule 5.3, the form of the Offer and the form of the Application accepting the invitation constituted by the Offer must be as approved by the Board from time to time. The offer document (including the schedules thereto) set out in the Annexure is illustrative of the type of document which may be used and neither forms part of these Rules nor the terms of the Plan nor binds or constitutes a representation by the Company or the Board. In particular, without limitation, the Board may vary, delete or add to any part of it, and the terms of any share, option, performance right or other security will be subject to and may be amended to comply with the requirements of the Listing Rules and ASX (or other applicable exchange) applicable to that type of security, the Plan or an Offer.

### 5.3 Information contained in Offer

An Offer must state:

- (a) the name and address of the Eligible Employee to whom the Offer is made;
- (b) the date of the Offer;
- (c) the final date that a Participant may accept the invitation constituted by the Offer (Final Acceptance Date);
- (d) the maximum number of Options or Rights for which the Eligible Employee may make an Application;
- (e) the Grant Conditions (if any) attaching to the Options or Rights the subject of the Offer;
- (f) in respect of an Offer of Options or Rights:
  - (i) the Issue Price (if any) or the manner of determining the Issue Price (if any) of the Options or Rights the subject of the Offer;
  - (ii) the First Exercise Date of the Options or Rights the subject of the Offer;
  - (iii) the Last Exercise Date of the Options or Rights the subject of the Offer;
  - (iv) the Exercise Price (if any) or the manner of determining the Exercise Price (if any) of the Options or Rights the subject of the Offer;
  - (v) the Option Vesting Conditions (if any) attaching to the Options or the Right Vesting Conditions (if any) attaching to the Rights the subject of the Offer; and
  - (vi) if the Shares to be issued or transferred upon exercise of the Options or Rights the subject of the Offer are to be Restricted Shares under Rule 13.1, details of the restriction;

- (g) the Vesting Period (if any) applicable to the Options or Rights the subject of the Offer; and
- (h) any other specific terms and conditions applicable to the Offer.

#### **5.4 Number of Options or Rights**

Subject to Rule 3, the number of Options or Rights the subject of an Offer to an Eligible Employee is as determined by the Board.

#### **5.5 Issue Price and Exercise Price**

The Issue Price (if any) in respect of a Option or Right and the Exercise Price (if any) in respect of an Option or Right is as determined by the Board, and so long as the Company is listed on the TSX-V, subject to the following:

- (a) Subject to a minimum exercise price of CAD\$0.05 per common share, the exercise price per common share for an Option will in no event be less than the Discounted Market Price for the common shares (as defined by the policies of the TSX-V) at the date of acceptance of the Offer pursuant to Rule 6.1;
- (b) If Options or Rights are granted within 90 days of a distribution by the Company by prospectus, then the exercise price per common share for such Option or Right shall not be less than the greater of the minimum exercise price pursuant to 5.5(a) herein and the price per common share paid by the public investors for common shares pursuant to such distribution. Such 90 day period shall begin (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; or (ii) in the case of an initial public offering, on the date of listing.

#### **5.6 Terms**

The terms and conditions applicable to an Offer, including the Final Acceptance Date, the First Exercise Date, the Last Exercise Date, any Grant Conditions, any Vesting Conditions and any Vesting Period, are as determined by the Board (in its absolute discretion).

#### **5.7 Exercise Price and Issue Price in Australian dollars**

The Issue Price (if any) in respect of an Option or Right and the Exercise Price (if any) in respect of an Option or Right must be denominated and payable in Canadian or Australian dollars, unless otherwise determined by the Board.

#### **5.8 Offer personal**

An Offer under the Plan is personal to the Eligible Employee to whom it is made and, accordingly, the invitation constituted by an Offer may only be accepted by Options or Rights may only be issued (or transferred) to, the Eligible Employee to whom the Offer is made or a Nominated Party of the Eligible Employee (if approved by the Board).

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## 6 Application for Options and Rights

### 6.1 Acceptance of Offer

- (a) Subject to Rule 6.1(b), an Eligible Employee may accept the invitation constituted by an Offer by giving to the Company an Application (and in the case of an Offer for Options or Rights that have an Issue Price, payment of the relevant amount) by the Final Acceptance Date. In the Application, the Eligible Employee may apply for Options or Rights the subject of the Offer to be granted or issued to him or her or to a Nominated Party (if approved by the Board).
- (b) An Eligible Employee may not accept the invitation constituted by an Offer, and an Application will not be accepted if, at the date the Application would otherwise be accepted:
  - (i) the Eligible Employee is not an Employee;
  - (ii) the Eligible Employee has given notice of his or her resignation as an Employee; or
  - (iii) the Eligible Employee has been given notice of termination of employment as an Employee.

### 6.2 Application for Options or Rights the subject of an Offer

An Eligible Employee may in his or her discretion accept the invitation constituted by an Offer, in whole or in part, in multiples of 10,000 Options or Rights or another multiple of Options or Rights as the Board may allow for the Eligible Employee. An Eligible Employee cannot accept less than the number of Options or Rights that would constitute the minimum parcel determined by the Board.

### 6.3 Lapse of Offer

An Offer not accepted in accordance with Rule 6.1 will lapse at 5:00pm Melbourne time on the Final Acceptance Date.

### 6.4 Withdrawal of Offer

- (a) The Board reserves the right (subject to any Applicable Law) to withdraw an Offer made to an Eligible Employee, provided that Offer has not yet been accepted in accordance with Rule 6.1.
- (b) The Board may withdraw an Offer under Rule 6.4(a) by providing a notice in writing to the Eligible Employee.

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## 7 Capital reconstructions

In the event of a Capital Reconstruction, subject to Applicable Laws, the Board may adjust any or all of the number of Rights or number, exercise price terms of Options issued pursuant to the Offer to a Participant as the Board deems appropriate.

Offer to a Participant as the Board deems appropriate.

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## 8 Issue of Options or Rights

### 8.1 Acceptance by Eligible Employee

By accepting an Offer for Options or Rights in accordance with Rule 6.1, the Eligible Employee and the Nominated Party (if applicable) will be taken to have:

- (a) agreed to become a Participant bound by these Rules; and
- (b) irrevocably offered to acquire Options or Rights:
  - (ii) under, and subject to, these Rules; and
  - (iii) on and subject to the terms and conditions of the Offer.

### 8.2 Acceptance by Company

Unless provided for otherwise in an Offer, the Company will be deemed to have accepted an Eligible Employee's Application in respect of an Offer for Options or Rights on the issue to the Eligible Employee or Nominated Party (if applicable) of the Options or Rights the subject of the Application, and the notification to the Eligible Employee or Nominated Party (if applicable) of the Date of Grant of those Options or Rights (including via the issue of an Option or Right Certificate). Nothing in any Offer or Application, or in these Rules, will be taken to confer on any Eligible Employee or Nominated Party (if applicable) any right or title to or interest in, any Options or Rights until such issue occurs and notice is provided.

### 8.3 Certificates

The Company must give a Participant one or more Certificates stating (or which, if applicable, attach a separate document stating):

- (a) the number of Options or Rights issued to the Participant;
- (b) the Issue Price (if any) of those Options or Rights;
- (c) the Exercise Price (if any) of those Options or Rights;
- (d) the Date of Grant of those Options or Rights;
- (e) the First Exercise Date of the Options or Rights;
- (f) the Last Exercise Date of the Options or Rights;
- (g) the Option Vesting Conditions (if any) attaching to the Options or Right Vesting Conditions (if any) attaching to the Rights;
- (h) the Vesting Period (if any) applicable to the Options or Rights;
- (i) if the underlying Shares over which the Option or Right is exercisable are to be Restricted Shares under Rule 13.1, details of the restriction; and
- (j) any other specific terms and conditions applicable.

#### **8.4 Entitlement to underlying Shares**

Subject to these Rules, each Option confers on its holder the entitlement to acquire (by way of issue or transfer) one Share at the Exercise Price.

Subject to these Rules, each Right confers on its holder the entitlement to receive (by way of issue or transfer) one Share at the Exercise Price (if any).

#### **8.5 Interest in Shares**

A Participant has no right or interest in a Share the subject of an Option or Right held by the Participant unless and until the Share is issued to that Participant pursuant to the exercise of an Option or Right under these Rules and does not have any rights to dividends, rights to vote or rights to the capital of the Company as a result of holding an Option or Right. Subject to Applicable Laws and the Articles, Participants will not, as holders of Options or Rights, have any right to attend or vote at general meetings of holders of Shares.

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## **9 Exercise of Options and Rights**

### **9.1 Exercise during Exercise Period**

Subject to Rules 3.1, 9.2, 9.4 and 9.5 an Option or Right may be exercised at any time during the Exercise Period for that Option or Right.

### **9.2 Exercise before Exercise Period**

An Option or Right may be exercised before the Exercise Period if permitted by a determination under Rule 14.3(a).

### **9.3 First Exercise Date**

The Certificate or Offer will specify the First Exercise Date in respect of an Option or Right. The exercise of an Option or Right after the First Exercise Date is subject to any Vesting Conditions under Rule 9.4.

### **9.4 Vesting Conditions**

Subject to Rule 9.5, if the Certificate or Offer in respect of an Option or Right specifies any Vesting Conditions, the Option or Right may not be exercised unless and until those Vesting Conditions have been satisfied, reached or met.

### **9.5 Waiver of Vesting Conditions**

The Board may, at its discretion, by notice to the Participant reduce or waive the Vesting Conditions attaching to Options or Rights in whole or in part at any time, except for any Vesting Conditions attaching to Options or Rights held by a person conducting Investor Relations Activities, which may only be waived or reduced with the prior approval of the TSX-V.

### **9.6 Vesting**

If the grant or offer of an Option or Right is subject to Vesting Conditions, the Company must give a Participant a Vesting Notice as soon as practicable after the Vesting Conditions relating to the Option

or Right granted or issued to the Participant have been satisfied, or waived by the Board (as applicable).

#### **9.7 Exercise of Options and Rights**

- (a) Subject to these Rules, Vested Options and Vested Rights which have not lapsed may be exercised by the Participant giving to the Company:
  - (i) a Notice of Exercise signed by the Participant;
  - (ii) the Certificate for those Options or Rights; and
  - (iii) if there is an Exercise Price for the Options or Rights, payment in the amount of the number of Options or Rights being exercised by the Participant multiplied by the Exercise Price (in cleared funds),

but no Participant shall be able to exercise an Option or Right that remains subject to Vesting Conditions that have not been satisfied, reached or met, or else waived under Rule 9.5.

- (b) By exercising a Vested Option or Vested Right in accordance with Rule 9.7(a), a Participant irrevocably offers to acquire the relevant Shares.

#### **9.8 Participant agrees to be bound**

By exercising an Option or a Right, a Participant will be taken to have agreed to become a shareholder and be bound by the Articles.

#### **9.9 Issue of Shares**

Subject to these Rules, on the exercise of an Option or a Right, the Company must:

- (a) procure the transfer of a Share; or
- (b) issue and allot a Share,

as soon as reasonably practicable (subject to Rule 9.10) to the Participant.

#### **9.10 Clearance of Exercise Price**

The Company is not obliged to issue Shares on exercise of Options or Rights until payment of the Exercise Price (if any) has been received by the Company in cleared funds from the Participant.

#### **9.11 Exercise all or some Options or Rights**

- (a) A Participant may only exercise Options and Rights in multiples of 10,000 or another multiple as the Board determines, unless the Participant exercises all Options or Rights covered by a Vesting Notice able to be exercised by him or her at that time.
- (b) The exercise by a Participant of only some of the Vested Options or Vested Rights held by the Participant does not affect the Participant's right to exercise at a later date other Vested Options or Vested Rights held by the Participant that have not lapsed (whether those other Vested Options or Vested Rights have the same First Exercise Date or otherwise).

### **9.12 Replacement Certificate**

If a Participant submits a Notice of Exercise in respect of only part of the Options or Rights covered by a Certificate, the Company must issue a Certificate stating the remaining number of Options or Rights held by the Participant that have not lapsed.

### **9.13 Shares rank equally**

Unless otherwise determined by the Board at the time of an Offer, Shares issued on the exercise of Options or Rights rank equally with all existing Shares on and from the date of issue.

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## **10 Lapse of Options and Rights**

### **10.1 Lapse of Options and Rights**

Unless otherwise specified in the Vesting Conditions or determined otherwise by the Board an Option or Right lapses on the earlier of:

- (a) the date on which any Vesting Condition applicable to the Option or Right is not capable of being satisfied, reached or met in accordance with its terms;
- (b) the Board determining that a Vesting Condition applicable to the Option or Right is not capable of being satisfied, reached or met in accordance with its terms;
- (c) the day immediately following the Last Exercise Date;
- (d) the Option or Right lapsing in accordance with Rule 14;
- (e) the Option or Right lapsing in accordance with Rule 15;
- (f) the Option or Right lapsing in accordance with Rule 21;
- (g) the Option or Right lapsing in accordance with Rule 18; or
- (h) unless the Board determines otherwise:
  - (i) the Participant purporting to Deal in the Option or Right in breach of Rule 11.2, other than as permitted under these Rules; or
  - (ii) the Participant purporting to enter into any arrangement in respect of the Option or Right in breach of Rule 11.3.

### **10.2 On lapsing**

Where a Participant's Options or Rights have lapsed under Rule 10.1:

- (a) all rights of a Participant under the Plan in respect of those Options or Rights are forfeited; and
- (b) the Company will:
  - (i) notify the Participant that the Options or Rights have lapsed;

- (ii) cancel the Options or Rights;
- (iii) if only part of the Options or Rights covered by a Certificate have lapsed, issue a Certificate stating the remaining number of Options or Rights held by the Participant that have not lapsed; and
- (iv) not be liable for any damages or other amounts to the Participant in respect of the Options or Rights.

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## **11 Dealings with Options and Rights**

### **11.1 Options and Rights personal**

Except where Options or Rights have been transferred under Rule 11.4, Options and Rights held by a Participant are personal to the Participant and may not be exercised by another person.

### **11.2 No unauthorised Dealing**

Except as permitted under Rule 11.4, a Participant must not engage in any Dealing with an Option or Right or any interest in an Option or Right, and any such Dealing is not recognised in any manner by the Company.

### **11.3 No hedging**

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Options or Rights.

### **11.4 Permitted transfer of Options and Rights**

Options and Rights may not be assigned or transferred.

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## **12 No Participation Rights**

For the avoidance of doubt, Participants who hold Options or Rights shall not be entitled to participate in any new issues (including any bonus issue or rights issue) made by the Company by virtue of the Options or Rights they hold.

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## **13 Restriction on disposal of Shares acquired pursuant to exercise of Options or Rights**

### **13.1 Restricted Shares**

The Shares acquired under this Plan pursuant to exercise of Options or Rights may be subject to restriction on disposal under this Rule 13 (**Restricted Shares**).

### **13.2 No disposal whilst Shares in Plan**

The Holding Statement may specify the length of time during which Shares will be subject to a Restriction Period. A holder of Restricted Shares must not dispose of or engage in any Dealing with

any of those Restricted Shares or any interest in those Restricted Shares while those Restricted Shares are held in the Plan and subject to these Rules.

### **13.3 No hedging**

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging or otherwise affecting their economic exposure to any Restricted Shares while those Restricted Shares are held in the Plan and subject to these Rules.

### **13.4 Waiver**

The Board may, at its discretion, by notice to the Participant, reduce or waive the period in which Restricted Shares are subject to restriction on disposal under this Rule 13.4.

### **13.5 Refusal to register transfer**

- (a) Subject to the Listing Rules, the Company must refuse to register a paper-based transfer, and must apply or cause to be applied a Holding Lock to prevent a transfer, of any Restricted Shares, and the Board on behalf of the Company may take any other steps that it considers necessary or appropriate, to enforce and give effect to the disposal restrictions under this Rule 13.5.
- (b) Each Participant irrevocably authorises the Board on behalf of the Company to apply a Holding Lock to any Restricted Shares held by that Participant.

### **13.6 Withdrawal of Restricted Shares**

A holder of Restricted Shares may at any time, by serving on the Company a written withdrawal notice in a form approved by the Board, apply to withdraw from the Plan a portion of or all Restricted Shares held by the holder. The Board may determine in its discretion whether to grant a request made under this Rule 13.6.

### **13.7 Cease to be in Plan**

On the earliest of:

- (a) the expiry of any applicable Restriction Period;
- (b) the acceptance by the Board of a request under Rule 13.6; and
- (c) the Board making a determination to release some or all of the Restricted Shares under Rule 13.4,

then:

- (d) the relevant Restricted Shares will cease to be held in the Plan and subject to these Rules;
- (e) the relevant Restricted Shares will cease to be subject to the restrictions under this Rule 13;
- (f) the Board must, as soon as reasonably practicable, lift the Holding Lock in respect of the relevant Shares and must notify the holder of the Shares that the Holding Lock has been lifted.

### 13.8 Notification upon request by Participant

The Company must, if requested, notify the holder of the Shares of the particular time when the Holding Lock was lifted under Rule 13.7.

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## 14 Cessation of employment

### 14.1 Bad Leaver

If an Eligible Employee who is a Participant or has nominated a Nominated Party to receive Options or Rights under the Plan ceases to be an Employee during the Vesting Period due to:

- (a) resignation (other than due to a Special Circumstance);
- (b) dismissal for cause or poor performance; or
- (c) any other circumstances (other than due to a Special Circumstance) determined by the Board to constitute a Bad Leaver,

**(Bad Leaver)**

then, subject to compliance with Applicable Laws:

- (d) any Unvested Options and Unvested Rights held by the relevant Participant will immediately lapse in accordance with Rule 10; and
- (e) any Vested Options and Vested Rights held by the relevant Participants must be exercised within the following applicable period or they will also lapse in accordance with Rule 10: if the employment ceases at a time when the Participant would be entitled to deal in the
  - (i) securities of the Company in accordance with Company's share trading policy, within 60 days of cessation of employment; or
  - (ii) if the employment ceases at a time when the Participant would be restricted from dealing in the securities of the Company in accordance with Company's share trading policy, subject to any earlier limitations applying under Applicable Laws, within 60 days of such restrictions ceasing to apply.

### 14.2 Good Leaver

- (a) If an Eligible Employee who is a Participant or has nominated a Nominated Party to receive Shares, Options or Rights under the Plan ceases to be an Employee during the Vesting Period due to a Special Circumstance or otherwise for reasons other than as a Bad Leaver (**Good Leaver**):
  - (i) all Vested Options and Vested Rights will be retained by the Participant
  - (ii) the relevant Participant will be entitled to retain a pro-rata amount of their Unvested Options and Unvested Rights (based on the proportion of the Vesting Period that the Eligible Employee was an Employee, by reference to the number of whole months employed);

- (iii) all other Unvested Options and Unvested Rights held by the relevant Participant will lapse in accordance with Rule 10;

in all cases the above being subject to Applicable Laws noting that rules and policies of the TSX-V requires that Vested Options and Vested Rights and Unvested Options and Unvested Rights must be exercised within no longer than 12 months from the date the Eligible Employee ceases to be an Employee or otherwise lapse.

#### **14.3 Board discretion**

- (a) Subject to compliance with Applicable Laws, if an Eligible Employee who is a Participant or has nominated a Nominated Party to Options or Rights under the Plan ceases to be an Employee during the Vesting Period, the Board may, notwithstanding the provisions of Rule 14.1 or 14.2, determine to treat any Unvested Shares, Unvested Options or Unvested Rights held by the relevant Participant other than in the manner set out in Rule 14.1 or 14.2, if the Board determines that the relevant circumstances warrant such treatment.
- (b) The Company must, within 14 days of the Board making a determination as to how to treat any Unvested Shares, Unvested Options or Unvested Rights in accordance with Rule 14.3(a):
  - (i) give notice to the Participant affected by the determination of the effect of the determination on the remaining Unvested Shares, Unvested Options or Unvested Rights held by the Participant; and
  - (ii) issue a replacement Certificate for the Options or Rights to the extent that the details set out in the Certificate require amendment as a result of the determination.

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## **15 Breach, fraud or misconduct**

If the Board determines that a Participant (or an Eligible Employee who has nominated a Nominated Party to receive Shares, Options or Rights under the Plan) at any time:

- (a) has been dismissed or removed from office for a reason which entitles a body corporate in the Group to dismiss the Participant (or Eligible Employee) without notice;
- (b) has been convicted on indictment of an offence in connection with the affairs of the Company or any body corporate in the Group;
- (c) has had a judgment entered against him or her in civil proceedings in respect of the contravention by the Participant (or Eligible Employee) of his or her duties at law, in equity or under statute in his or her capacity as an executive or Director of the Company or any body corporate in the Group;
- (d) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of the Company or any body corporate in the Group (whether or not charged with an offence);
- (e) is in material breach of any of his or her duties or obligations to a body corporate in the Group; or
- (f) has done an act which brings the Group or any body corporate in the Group into disrepute,

the Board may determine that all Options and Rights held by the relevant Participant will lapse in accordance with Rule 10.

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## 16 Corporate Control Event

- (a) If a Corporate Control Event occurs, all Unvested Options and Unvested Rights held by a Participant will vest.
  - (b) If a Corporate Control Event occurs, the Company shall provide a Participant with 3 days' notice of the impending expiry of all Vested Options and Vested Rights held by the Participant, and if they have not been exercised following the expiry of that 3 day period then they will lapse in accordance with Rule 15.
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## 17 Claw back

If the Board becomes aware of a material misstatement in the Company's financial statements relating to a Vesting Period or some other event has occurred during a Vesting Period which, as a result, means that the Vesting Conditions in respect of certain Vested Options or Vested Rights were not, or should not have been determined to have been, satisfied, then the Participant will cease to be entitled to those Vested Options (**Affected Options**) or Vested Rights (**Affected Rights**) and the Board may:

- (a) by written notice to the Participant cancel the relevant Affected Options or Affected Rights for no consideration;
  - (b) by written notice to the Participant require that the Participant pay to the Company the after tax value of the Affected Options or Affected Rights which have been converted into Shares, with such payment to be made within 30 Business Days of receipt of such notice; or
  - (c) adjust fixed remuneration, incentives or participation in this Plan of a relevant Participant in the current year or any future year to take account of the after tax value of the Affected Options or Affected Rights.
- 

## 18 Change in Nominated Party

### 18.1 Transfer of Shares following change in Nominated Party

If a Nominated Party holds Options or Rights under this Plan,

and ceases to be eligible to be a Nominated Party (due to a change in control of the Nominated Party, a change in family circumstances or otherwise), the Eligible Employee must promptly:

notify the Company in writing; and

arrange for the transfer of the Options or Rights to the Eligible Employee or to another Nominated Party approved by the Board.

### 18.2 Failure to comply

If an Eligible Employee does not comply with Rule 18.1, the Board may determine that:

any Unvested Options and Unvested Rights held by the relevant Participant lapse in accordance with Rule 10,

and where any such determinations are made, the forfeiture or lapsing will be effective on the date determined by the Board, which may be prior to the date on which the determination is made.

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## 19 Quotation of Options or Rights

### 19.1 No Quotation of Options or Rights

The Company will not seek official quotation of any Options or Rights.

### 9.2 Quotation of Shares

The Company must to the extent required:

- (a) comply with the filing requirements in respect of Options and Rights required by the rules and policies of the TSX-V, if the Shares are quoted on TSX-V at the time; or
- (b) apply to the ASX for quotation of any Share or CDI issued in respect of a Share following an exercise of Options or Rights.

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## 20 Power of Attorney

### 20.1 Appointment of Attorney

At all times while a Participant holds Options or Rights in respect of which a Vesting Condition has not been satisfied, reached, met or waived, or if a Participant has breached these Rules in any way, the relevant Participant irrevocably appoints the Company and any person nominated from time to time by the Company (each an **Attorney**) severally, as the Participant's attorney, to:

- (a) do all acts, matters and things which the Attorney considers necessary or desirable to give effect to these Rules, including all acts, matters and things to be done in order that any Options or Rights may be registered in the name of the Participant or to give effect to the powers of sale or forfeiture referred to in these Rules including acquiring or disposing of the Options or Rights;
- (b) execute any documents to give effect to these Rules, including execute in the name of the Participant an instrument or instruments of transfers of the Shares or make any alteration or addition whatsoever which the Attorney may think fit; and
- (c) exercise all of the powers of the Participant in relation to acquisition, sale or disposal of the Participant's Options or Rights.

### 20.2 Ratification of Actions

The Participant will confirm and ratify everything which an Attorney may do pursuant to any power set out in Rule 20.1 and no person dealing with the Attorney shall be bound or concerned to enquire as to the occasion for, or the regularity of, the exercise of any such power.

### **20.3 Indemnity**

The Participant will indemnify and keep indemnified the Attorney against all losses, liabilities, costs, expenses, proceedings, claims, actions, demands, and damages in consequence of, or arising out of, the exercise by the Attorney of any of the powers granted under this Rule 20.

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## **21 Administration**

The Plan is administered by the Board.

### **21.1 Powers of the Board**

Subject to compliance with Applicable Laws, the Board has power to:

- (a) exercise all powers and discretions vested in it under these Rules;
- (b) determine appropriate procedures and make regulations and guidelines for the administration and operation of the Plan which are not inconsistent with these Rules;
- (c) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (d) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options or Rights at that time or contravene any Applicable Law;
- (e) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any person or persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers;
- (f) take and rely on independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (g) appoint a trustee for the purposes of the Plan in accordance with Rule 21.2;
- (h) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (i) make regulations for the operation of the Plan consistent with these Rules.

### **21.2 Appointment of Trustee**

- (a) The Board may appoint a trustee, on terms and conditions that it considers appropriate, to do all such things and perform all such functions as considered appropriate to enable the implementation of the Plan, including to acquire and hold Options, Rights or other securities of the Company, on behalf of Participants, for transfer to future Participants or otherwise for the purposes of the Plan.
- (b) In the event the Board appoints a trustee, subject to the terms of the relevant trust deed appointing that trustee:
  - (i) every exercise of power or discretion by the Company, the Board or the Board in these Rules may be exercised by the trustee;

- (ii) any reference to the Company, the Board or the Board in these Rules will accordingly be interpreted as a reference to the trustee (as applicable);
- (iii) Options or Rights may be issued or transferred to the trustee on behalf of the Participant; and
- (iv) any rights which accrue to Options or Rights that have been allocated to a Participant are held for the benefit of the relevant Participant.

### **21.3 Exercise of powers or discretion**

Any power or discretion which is conferred on the Board or Committee of the Board by these Rules may (subject to compliance with Applicable Laws) be exercised by the Board or Board in the interests or for the benefit of the Company, and the Board or Board is not, in exercising that power or discretion, under any fiduciary or other obligation to another person, including a Participant.

### **21.4 Determinations**

Where these Rules provide for a determination, decision, approval or opinion of the Board or Board, that determination, decision, approval or opinion may (subject to compliance with Applicable Laws) be made or given by the Board or Board (as applicable) in its absolute discretion. In the absence of manifest error, any determination, decision, approval or opinion of the Board or Board as to the interpretation, effect or application of the Rules will be final.

### **21.5 Expenses and costs**

Subject to these Rules, the Company or a body corporate in the Group must pay all expenses, costs and charges incurred in the administration of the Plan in the amounts and proportions as they shall agree.

### **21.6 Board not liable**

No member of the Board or Committee of the Board shall be liable for anything done, or omitted to be done by him or by any other member of the Board or Committee of the Board in connection with the Plan, except for his own wilful misconduct or as expressly provided by law.

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## **22 Amendment to Rules**

### **22.1 Board or Board may amend Rules**

Subject to Rule 22.3 and Applicable Laws, the Board or Board may, in its absolute discretion, at any time amend any of these Rules or waive or modify the application of any of these Rules in relation to any Participant. Any amendment may be given such retrospective effect as the Board or Board may determine from time to time.

### **22.2 Waiver or amendment**

The Board or Board will not be taken to have waived any provision of, or any right, or entitlement under these Rules, or agreed to any amendment of the Rules, unless it does so expressly in writing and provided further that any waiver or amendments of these Rules is carried out in accordance with the Listing Rules.

### **22.3 Consent of Participants**

- (a) Subject to Rule 22.3(b), if an amendment to be made under Rule 22.1 would adversely affect the rights of Participants in respect of any Options or Rights then held by them, the Board or Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options or Rights held by all those Participants before making the amendment.
- (b) The Board may amend these Rules without the written consent of Participants under clause 22.3(a):
  - (i) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
  - (ii) to correct any manifest error or mistake;
  - (iii) to allow the implementation of a trust arrangement in relation to the holding of Options or Rights granted under the Plan;
  - (iv) for the purpose of complying with Applicable Laws; and
  - (v) to take into consideration possible adverse taxation implications (including, without limitation, on account of fringe benefits tax) for the Company, in respect of the Plan or the Options or Rights granted, including as a result of changes to applicable taxation legislation or the interpretation of that legislation by any taxation authority or a court of competent jurisdiction or any rulings from taxation authorities administering such legislation.

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## **23 Rights of Participants**

These Rules, participation in the Plan or the terms of any Offer:

- (a) do not confer on any Participant or Employee any right or entitlement if that right or entitlement could only be provided with approval of the Company's shareholders;
- (b) do not confer on an Employee the right to receive any Offer, Options or Rights;
- (c) do not confer on a Participant the right to continue as an Employee;
- (d) do not affect any rights which a body corporate of the Group may have to terminate the employment of an Employee; and
- (e) may not be used to increase damages in an action brought against a body corporate of the Group in respect of that termination.

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## **24 No representation as to Tax consequences**

Neither the Company nor any adviser to the Company, Board or the Board:

- (a) represents or warrants that the Plan will have any particular taxation or financial consequences or that any Eligible Employee or Participant will gain any taxation or financial advantage by participating in the Plan; and
- (b) are liable for any Taxes imposed upon or duties assessed against a Participant as a consequence of the Participant's participation in the Plan, the receipt by the Participant of Options or Rights offered under the Plan or other Dealing in the Options or Rights by the Participant.

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## 25 Notices

### 25.1 Service of notices

A notice, demand, consent, approval or communication under the Rules (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered, sent by prepaid post or email to the recipient's address or email address for Notices specified in Rule 25.3, as varied by any Notice given by the recipient to the sender.

### 25.2 Effective on receipt

A Notice given in accordance with Rule 25.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, two Business Days after the date of posting (or seven Business Days after the date of posting if posted to or from a place outside Australia);
- (c) if sent by email:
  - (i) when the sender receives an automated message confirming delivery; or
  - (ii) 5 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

### 25.3 Address

The address of the Eligible Employee or Participant and the Company for the purposes of giving a Notice is:

- (a) in the case of the Company, until further notice:
  - (i) at the address of its company secretary's office from time to time, which at the date of this Plan is Level 4, 100 Albert Road, South Melbourne Vic 3205 VIC, 3205, Australia; or

- (ii) at the email addresses of its company secretaries from time to time, which at the date of the Plan are mwatkins@leydinfreyer.com.au and mleydin@leydinfreyer.com.au; and
  - (b) in the case of the Eligible Employee or Participant, the address or email address of the Eligible Employee or Participant as specified in the employment records of the Company.
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## **26 Governing law**

These Rules and the rights and obligations of Participants under the Plan are governed by the law of British Columbia, Canada, and each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of British Columbia, Canada.

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## **27 Advice**

Eligible Employees and Participants should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

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## **28 Amendment on Cessation of Listing**

If the Company ceases to be listed or quoted on either the ASX or TSX-V (**Relevant Exchange**) the Rules will, at the discretion of the Board acting reasonably, be amended to remove any requirements or restrictions which are included for the purposes of compliance with the Relevant Exchange and the definition of Applicable Law will be amended by the removal of any laws, rules, or regulations which are, as a result of the cessation of the listing or quotation on the Relevant Exchange.

## SCHEDULE “B”

### AUDIT COMMITTEE CHARTER

#### 1. 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 controls, quarterly reporting obligations, impairment reviews and recommendations, the audit process and resulting public market disclosures. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each Audit Committee member must obtain an understanding of the principal responsibilities of Audit Committee membership as well and the Company’s business, operations and risks.

#### 2. Composition

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

##### 2.1 *Independence*

It is recommended that the majority of the members of the Audit Committee must be independent directors.

##### 2.2 *Chairman*

The chair of the Audit Committee should be an independent director who is not the chair of the Board.

##### 2.3 *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 Audit 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.

#### 3. Meetings

The Audit Committee shall meet as and when needed and at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

#### 4. Roles and Responsibilities

The Audit Committee shall fulfil the following roles and discharge the following responsibilities:

##### 4.1 *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 and approved 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.

#### 4.2 *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, impairment reviews, 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.

#### 4.3 *Financial Reporting*

The Audit Committee shall review the financial statements and financial information prior to making a recommendation for approval from the Board and the 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;
- (b) review the potential for impairment of balance carrying values as and when needed post the Company dropping any ground, and liaise with external auditors if needed to gain counsel;
- (c) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate; and,
- (d) review the draft financial statements and management's discussion & analysis (MD&A), and provide a recommendation to the Board with respect to the approval of the financial statements and MD&A;

##### *Annual Financial Statements*

- (a) discuss and meet as needed with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and

- (b) review management's MD&A respecting the annual reporting period prior to its presentation to the Board for approval and release to the public.

*Interim Financial Statements*

- (a) review and approve the interim financial statements prior to their presentation to the Board for approval and release to the public; and
- (b) review MD&A respecting the interim reporting period prior to its presentation to the Board for approval and release to the public.

*Release of Financial Information*

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

*4.4 CEO & CFO declaration*

The Audit Committee will receive assurance in writing from the chief executive officer and chief financial officer each time the company financial statements are issued on a quarterly and annual basis that, to the best of their knowledge, the financial statements fairly present in all material respects the financial performance of the company. The declaration also states that, in their opinion the financial records of the company have been properly maintained that the records are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

*4.5 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, including preparation of any tax advice and annual statements.

*Delegation of Authority*

- (a) The Audit Committee may delegate to one or more 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 meeting and/or via email at the time of approval.

*De-Minimis Non-Audit Services*

- (a) 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 per cent 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*

(a) 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.

### *4.6 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 ;
- (e) perform other oversight functions as requested by the Board;
- (f) monitor related party transactions; and
- (g) review and update this Charter and receive approval of changes to this Charter from the Board.

### *4.7 Reporting Responsibilities*

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

## **5. 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.

## **6. Guidance – Roles & 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:

### *6.1 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.

### *6.2 Financial Reporting*

#### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the 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; warranty, 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 financials 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.

### *6.3 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.

### *6.4 Other Responsibilities*

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