



**NEW BREAK RESOURCES LTD.**

**Notice of Annual General and Special Meeting of Shareholders  
To be Held on December 14, 2021**

**AND**

**Management Information Circular**

**Dated: December 3, 2021**

**IMPORTANT NOTICE**

**THE NEW BREAK RESOURCES LTD. ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS WILL BE HELD ON DECEMBER 14, 2021 IN TORONTO, ONTARIO, BUT IN A VIRTUAL-ONLY MEETING FORMAT. YOU WILL NOT BE ABLE TO ATTEND THE MEETING PHYSICALLY. THE CORPORATION'S SHAREHOLDERS ARE STRONGLY ENCOURAGED TO VOTE PRIOR TO THE MEETING BY ANY OF THE MEANS DESCRIBED IN THE CIRCULAR, AS IN-PERSON VOTING AT THE TIME OF THE MEETING WILL NOT BE POSSIBLE.**

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## NEW BREAK RESOURCES LTD.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the “**Meeting**”) of shareholders of New Break Resources Ltd. (“**New Break**” or the “**Corporation**”) will be held at 18 King St. East, Suite 902, Toronto, Ontario M5C 1C4, on the 14<sup>th</sup> day of December, 2021 at the hour of 11:00 a.m. (Toronto time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2019 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors thereon;
2. to receive the audited financial statements of the Corporation for the year ended December 31, 2020 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors thereon;
3. to elect directors of the New Break Resources Ltd. for the ensuing year;
4. to re-appoint McGovern Hurley LLP, Chartered Professional Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration;
5. to consider, and if thought advisable, to approve an ordinary resolution re-approving the Corporation’s Stock Option Plan, as more particularly described in the Management Information Circular of the Corporation dated December 3, 2021 (the “Circular”);
6. to consider, and if deemed advisable, to pass, with or without variation, a special resolution to amend the Articles of the Corporation to remove the restrictions on transfer of shares and transfer of securities of the Corporation, as more particularly described in the Circular;
7. to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution to confirm the adoption of a new By-Law No. 1 to replace the Corporation’s previous By-Law No. 1, as more particularly described in the Circular; and
8. to transact such further or other business as may properly come before the Meeting or any adjournment or postponements thereof.

**The nature of the business to be transacted at the Meeting is described in further detail in the accompanying Circular. The Circular is deemed to form part of this Notice of Meeting. Please read the Circular carefully before you vote on the matters being transacted at the Meeting.**

The record date for the determination of New Break shareholders entitled to receive notice of and to vote their New Break common shares is November 30, 2021. New Break shareholders whose names have been entered in the register of shareholders of New Break at the close of business on that date will be entitled to receive notice of and to vote their New Break common shares.

**While the Meeting location will be in Toronto, Ontario, out of an abundance of caution, to proactively deal with the unprecedented public health impact of the novel coronavirus COVID-19, and to mitigate risks to the health and safety of the Corporation’s communities, shareholders, employees and other stakeholders, this Meeting will be held online in a virtual meeting format only, by way of the following:**

**Live Webcast**

Link: <https://zoom.us/j/98991410585?pwd=K3hndFhlaXRraTNISzVxdXV0ZXBOdz09>  
Meeting ID: 989 9141 0585  
Passcode: E-mail Michael Farrant at [info@newbreakresources.ca](mailto:info@newbreakresources.ca) to provide the passcode.

**or by Telephone:**

**Canada +1:** (301) 715-8592 or (312) 626-6799

The form of proxy, financial statement request form and a return envelope accompany this Notice of Meeting. Copies of the Circular, the audited financial statements of New Break for the years ended December 31, 2019 and December 31, 2020, and the auditors' reports thereon, and accompanying MD&A (as such term is defined in the Circular) for the year ended December 31, 2020, are available to the public on the Corporation's website at <https://www.newbreakresources.ca/investors/financial-reports/>.

**ALL NEW BREAK SHAREHOLDERS ARE STRONGLY ENCOURAGED TO VOTE PRIOR TO THE MEETING BY ANY OF THE MEANS DESCRIBED IN THE CIRCULAR, AS IN-PERSON VOTING AT THE TIME OF THE MEETING WILL NOT BE POSSIBLE.**

New Break shareholders are requested to either: (i) date and sign the form of proxy and return it to New Break's transfer agent, Capital Transfer Agency ULC 390 Bay Street, Suite 920, Toronto, ON M5H 2Y2; or (ii) complete the form of proxy online at [www.capitaltransferagency.com/shareholders/](http://www.capitaltransferagency.com/shareholders/), at any time prior to the close of business on the second last business day preceding the day of the Meeting. In order to be valid, proxies must be received by Capital Transfer Agency on or before the close of business on the second last business day preceding the date of the Meeting.

If you a beneficial holder of New Break common shares and received these materials through your broker or another intermediary, please complete and return the form of proxy provided to you in accordance with the instructions provided therein.

The instrument appointing a proxy must be in writing and must be executed by the New Break shareholder or his or her attorney authorized in writing or, if the New Break shareholder is a corporation, under its corporate seal by a duly authorized officer or attorney thereof.

The persons named in the enclosed form of proxy are directors and/or officers of New Break. Each New Break shareholder has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for them and on their behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided.

DATED at Toronto, Ontario, this 3<sup>rd</sup> day of December, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Michael Farrant"*

President and Chief Executive Officer

**NEW BREAK RESOURCES LTD.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

As of December 3, 2021 (unless indicated otherwise)

**SOLICITATION OF PROXIES**

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of New Break Resources Ltd. (“**New Break**” or the “**Corporation**”) for use at the Annual General and Special Meeting of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation and any adjournment thereof to be held at 11:00 a.m. (Toronto time) on December 14, 2021 (the “**Meeting**”) for the purposes set forth in the accompanying notice of Meeting. The enclosed proxy is being solicited by the management of the Corporation. Unless otherwise stated, all information in this Management Information Circular is current as of December 3, 2021, and all references to dollars, “\$” or “C\$” are to Canadian dollars.

**While the Meeting location will be in Toronto, Ontario, out of an abundance of caution, to proactively deal with the unprecedented public health impact of the novel coronavirus COVID-19, and to mitigate risks to the health and safety of the Corporation’s communities, shareholders, employees and other stakeholders, this Meeting will be held online in a virtual meeting format only, by way of the following:**

**Live Webcast**

Link: <https://zoom.us/j/98991410585?pwd=K3hndFhlaXRraTNISzVxdXV0ZXBOdz09>  
Meeting ID: 989 9141 0585  
Passcode: E-mail Michael Farrant at [info@newbreakresources.ca](mailto:info@newbreakresources.ca) to provide the passcode.

**or by Telephone:**

**Canada +1:** (301) 715-8592 or (312) 626-6799

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, by facsimile or by telephone by the regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation.

The contents and the sending of this Circular have been approved by the directors of the Corporation. All dollar amounts referenced are expressed in Canadian dollars.

**ALL NEW BREAK SHAREHOLDERS ARE STRONGLY ENCOURAGED TO VOTE PRIOR TO THE MEETING BY ANY OF THE MEANS DESCRIBED BELOW, AS IN-PERSON VOTING AT THE TIME OF THE MEETING WILL NOT BE POSSIBLE.**

**APPOINTMENT OF PROXYHOLDER**

The individuals named as proxyholders in the accompanying form of proxy are directors and/or officers of the Corporation. **A REGISTERED SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND SIGNING AND DATING THE PROXY, OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by Capital Transfer Agency ULC (“**Capital Transfer**”), 390 Bay Street, Suite 920, Toronto, Ontario, M5H 2Y2 by the close of business on the second last business day preceding the day of the Meeting or, with respect to any matters to be dealt with at any adjournment of the Meeting, before the time of the re-commencement of the adjourned Meeting. Proxies delivered after such time(s) will not be accepted.

## REVOCATION OF PROXIES

A Shareholder who has given a proxy may revoke it prior to its use by an instrument in writing executed by the Shareholder or by his attorney duly authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer or attorney of such corporation, and delivered to the registered office of the Corporation, at c/o Peterson McVicar LLP, 18 King St. East, Suite 902, Toronto, ON M5C 1C4 (Attention: Dennis Peterson) at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, preceding any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof, or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

## VOTING OF PROXIES

The Common Shares represented by a properly executed proxy in favour of persons designated as proxyholders in the enclosed form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be called for; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specifications made on such proxy.

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

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxyholder thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to any other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated by management as proxyholders in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. As at the date of this Circular, the management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

## INFORMATION FOR NON-REGISTERED SHAREHOLDERS

**Only registered Shareholders or proxyholders duly appointed by registered Shareholders are permitted to vote at the Meeting. Some shareholders of the Corporation are “non-registered” shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their Common Shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered Shareholders are entitled to vote at the Meeting.** 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 such shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the brokers’ clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate the responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the

Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must be communicated to Broadridge well in advance of the Meeting) in order to have the Common Shares voted.**

This Circular and accompanying materials are being sent to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own (“**Objecting Beneficial Owners**”, or “**OBO’s**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBO’s**”). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers*, issuers may request and obtain a list of their NOBO’s from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf.

The Corporation’s OBO’s can expect to be contacted by Broadridge or their broker or their broker’s agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the proxy or voting instruction card provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to Shareholders in this Circular and the accompanying form of proxy and notice of Meeting are to registered Shareholders unless specifically stated otherwise.

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

Other than as set forth in this Circular, no person who has been a director or executive officer of the Corporation at any time since January 1, 2018, being the beginning of the Corporation’s last completed financial year for which a meeting of shareholders was held, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has or has had any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Corporation is authorized to issue an unlimited number of Common Shares without par value. As at December 3, 2021, the Corporation had 36,225,750 issued and outstanding Common Shares. Only Shareholders of record at the close of business (Toronto time) on November 30, 2021 (the “**Record Date**”) who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Common Shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, there are no persons or companies who beneficially own, or exercise control or direction over, directly or indirectly, Common Shares carrying more than ten percent (10%) of the voting rights attached to all outstanding Common Shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### GENERAL

Unless otherwise directed, it is the intention of management's proxyholders to vote proxies **FOR** the resolutions set forth herein. **All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the Shareholders.**

### 1. ELECTION OF DIRECTORS

There are six (6) directors to be elected at the Meeting.

The term of office of each of the present directors expires immediately prior to the election of directors at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and management's proxyholders will vote **FOR** the election of these nominees, unless otherwise instructed on the proxy form. Management does not contemplate that any of these nominees will be unable to serve as a director and all proposed directors have confirmed their willingness to serve or continue to serve as directors. Each director elected will hold office until the next annual general meeting of the Corporation or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Corporation or the provisions of the *Canada Business Corporations Act* ("**CBCA**").

The following table and notes thereto sets out the name of each person proposed to be nominated by management for election as a director, the province or state and country in which he or she is ordinarily resident, all offices of the Corporation now held by him or her, his or her principal occupation, the period of time for which he or she has been a director of the Corporation and the number of Common Shares beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at December 3, 2021:

Name, Position, and Province/State & Country of Residence <sup>(1)</sup>	Principal Occupation and Occupation during the Past Five Years <sup>(1)</sup>	Director Since	Number of shares beneficially owned or controlled or directed, directly or indirectly controlled <sup>(1)</sup>
<b>MICHAEL FARRANT</b> President, Chief Executive Officer & Director Ontario, Canada.	President & CEO since October 2021 and President, CFO and Director of New Break, since March 2019. CFO of Argo Gold Inc., since November 2019. CFO of Sage Gold Inc., November 2017 to July 2018 and then consultant to Deloitte Restructuring Inc, July 2018 to December 2018. President, CEO and Director of Puno Gold Corporation, a private exploration mining company, July 2016 to March 2017.	March 1, 2019	1,300,000
<b>JOSHUA BAILEY</b> <sup>(3)(5)</sup> Director Ontario, Canada	COO and Director of Exiro Minerals Corp. since January 2018. Prior to that, Vice President Exploration for Wallbridge Mining Company Limited.	July 6, 2021	110,000
<b>ASHLEY KIRWAN</b> <sup>(4)</sup> Director Ontario, Canada	President, CEO and co-founder of Orix Geoscience Inc.	September 1, 2020	270,000



Name, Position, and Province/State & Country of Residence <sup>(1)</sup>	Principal Occupation and Occupation during the Past Five Years <sup>(1)</sup>	Director Since	Number of shares beneficially owned or controlled or directed, directly or indirectly controlled <sup>(1)</sup>
<b>THOMAS PUPPENDAHL</b> <sup>(2)(3)</sup> Director Singapore, Singapore	Founder and Managing Partner of Chancery Asset Management, a strategic advisory firm in Singapore. Founder and Director of Pilar Gold Inc., a gold producer and explorer in Brazil.	March 1, 2019	1,050,000
<b>C. NIGEL LEES</b> <sup>(3)(5)(6)</sup> Director and Chairman Ontario, Canada	President of C.N. Lees Investments Ltd. Director and Executive Chair of New Break from April 2014. Director of Yamana Gold Inc. from 2005 to 2019 Director, President and CEO of Sage Gold Inc. ("Sage Gold") from 2003 until July 2018.	April 18, 2014	1,894,000
<b>MICHAEL SKUTEZKY</b> Director Ontario, Canada	Chairman at Rhodes Capital Corp. General Counsel and Corporate Secretary of Voyager Metals Inc. (formerly Vanadium One Iron Corp.). Chairman Western Uranium & Vanadium Corporation until July 2018.	April 18, 2014	370,000

**Notes:**

- (1) The information, not being within the knowledge of the Corporation, has been furnished by the respective director or director nominee.
- (2) Audit Committee Chair.
- (3) Member of the Audit Committee.
- (4) Compensation, Governance and Nominating Committee Chair.
- (5) Member of the Compensation, Governance and Nominating Committee.
- (6) Non-executive Chair of the Board of Directors

As at the date of this Circular, the individuals nominated as directors of the Corporation as set forth in the foregoing table, as a group, beneficially owned, directly or indirectly, 4,994,000 New Break Common Shares constituting approximately 13.8% of the 36,225,750 issued and outstanding New Break Common Shares.

**Corporate Cease Trade Orders or Bankruptcies**

To the best of the Corporation's knowledge, none of the nominees is, as at the date of this Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in any case that was in effect for more than 30 consecutive days (an "order") that was issued while the nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, except as follows:

Mr. Lees was a director, President and CEO of Sage Gold Inc. and Mr. Farrant was CFO of Sage Gold Inc. when it was subject to a management cease trade order issued by the Ontario Securities Commission dated May 1, 2018, for failure to file annual financial information for the financial year ended December 31, 2017 and interim financial

information for the period ended March 31, 2018 by the required deadlines. The cease trade order was lifted on July 10, 2018.

### **Personal Bankruptcies**

To the best of the Corporation's knowledge, except as noted below, none of the nominees is, as at the date of this Circular, or has been within the 10 years before the date hereof, (i) a director or executive officer of any company, including the Corporation, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) 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 nominee, except as follows:

On July 30, 2018, the Ontario Superior Court of Justice Commercial List issued a Court Order against Sage Gold, appointing Deloitte Restructuring Inc. as receiver over all of the assets, undertakings and properties of Sage Gold. The Court Order was issued in favour of the applicant, CRH Funding II Pte. Ltd., who had alleged that Sage Gold had become insolvent and as such, was unable to fulfill its obligations to the applicant under a gold prepayment agreement. Mr. Lees had been President, CEO and director of Sage Gold from 2003 to the date of the receivership. Despite brief terms in their respective roles, Mr. Farrant served as CFO, Mr. Skutezky served as General Counsel and Corporate Secretary and Mr. Puppenthal served as a director of Sage Gold at the time of its receivership.

### **Penalties and Sanctions**

To the best of the Corporation's knowledge, none of the nominees has been subject to: (i) 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**UNLESS OTHERWISE INSTRUCTED, IT IS THE INTENTION OF THE PERSONS DESIGNATED AS PROXYHOLDERS IN THE ENCLOSED PROXY TO VOTE IN FAVOUR OF THE RESOLUTION SET FORTH BELOW.**

At the Meeting, New Break Shareholders will be asked to consider, and if thought appropriate, to pass a resolution, the text of which is as follows:

**"BE IT RESOLVED THAT** Mr. Farrant, Mr. Bailey, Ms. Kirwan, Mr. Puppenthal, Mr. Lees, and Mr. Skutezky are elected as directors of the Corporation to hold office until the next annual general meeting of shareholders of the Corporation.

## **2. RE-APPOINTMENT OF AUDITORS**

McGovern Hurley LLP, Chartered Professional Accountants, of Toronto, Ontario was appointed auditors to the Corporation in September 2020.

**UNLESS OTHERWISE INSTRUCTED, IT IS THE INTENTION OF THE PERSONS DESIGNATED AS PROXYHOLDERS IN THE ENCLOSED PROXY TO VOTE IN FAVOUR OF THE RESOLUTION SET FORTH BELOW.**

At the Meeting, New Break Shareholders will be asked to consider, and if thought appropriate, to pass on ordinary resolution, the text of which is as follows:

**"BE IT RESOLVED THAT** as an ordinary resolution of the holders of common shares of New Break Resources Ltd. (the "**Corporation**"):

1. McGovern Hurley LLP, Chartered Professional Accountants is re-appointed as auditors of New Break to hold office until the next annual general meeting of shareholders of the Corporation; and

2. the remuneration of the auditors shall be fixed by the Board of Directors of the Corporation.”

### 3. STOCK OPTION PLAN

New Break maintains an incentive stock option plan for the Corporation (the “**Plan**”) in the form attached to the Circular in Schedule “A”. The Plan was approved by a unanimous consent resolution of all of the Shareholders of the Corporation, dated February 1, 2019. A summary of the Plan is set out below. At the Meeting, the Shareholders will be asked to re-approve the Plan for the ensuing year (the “**Plan Resolution**”). Capitalized terms not otherwise defined below have the meaning set forth in the Plan.

*Purpose.* The purpose of the Plan is to attract and retain superior directors, officers, consultants, employees and other persons or companies engaged to provide ongoing services to the Corporation or its affiliate entities, to provide an incentive for such persons to put forth maximum effort for the continued success and growth of the Corporation, and in combination with these goals, to encourage their equity participation in the Corporation and to attract new directors, officers, employees and consultants.

*Eligible Participants.* Any director, officer, consultant, or employee of the Corporation or of a related entity of the Corporation is eligible to participate.

*Number of Ordinary Shares Reserved.* The maximum aggregate number of Common Shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding Common Shares from time to time. If any option expires or otherwise terminates for any reason (including exercise of the option), the number of Common Shares in respect of which the option expired or terminated will again be available for purposes under the Plan.

*Maximum Percentage to Insiders.* Including all other security-based compensation arrangements, no more than 10% of the issued and outstanding Common Shares will be issuable to insiders of the Corporation at any time pursuant to the Plan, and no more than 10% of the issued and outstanding Common Shares will be issued to insiders within a one-year period.

*Limitations on Individual Grants.* The total number of Common Shares that may be reserved for issuance to any one person pursuant to Options granted under the Plan in any one year shall not exceed 5% of the Common Shares outstanding on the grant date of the Options.

*Determination of Exercise Price.* The Board shall determine, in its sole discretion, the Option Price applicable to each Option, provided that the Option Price shall not be less than \$0.05 or such other amount allowable under the rules of any stock exchange on which the common shares may be listed.

*Vesting.* The Board in its sole discretion may determine and impose terms upon which each Option shall become vested in respect of Common Shares including without limitation the terms under which vesting of the Option may be accelerated.

*Accelerated Vesting Event.* The Plan defines an Accelerated Vesting Event as any of the following events: (i) a take-over bid (as defined under Securities Legislation) is made for Shares or Convertible Securities which, if successful would result (assuming the conversion, exchange or exercise of the Convertible Securities, if any, that are the subject of the take-over bid) in any person or persons acting jointly or in concert (as determined under Securities Legislation) or persons associated or affiliated with such person or persons (as determined under Securities Legislation) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors; (ii) the acquisition or continuing ownership by any person or persons acting jointly or in concert (as determined under Securities Legislation), directly or indirectly, of Shares or of Convertible Securities, which, when added to all other securities of the Corporation at the time held by such person or persons, persons associated with such person or persons, or persons affiliated with such person or persons (as determined under Securities Legislation) (collectively, the “Acquirors”), and assuming the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors; (iii) an amalgamation, merger, arrangement or other business combination (a “Business Combination”) involving the Corporation receives the approval of, or is accepted by, the securityholders of the Corporation (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Corporation and as a result of that

Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Corporation, own, directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect Directors.

*Term.* Each option granted will have a term specified by the Board, up to a maximum of ten years from the date of grant.

*Termination of Employment.* Should an option holder cease to be an eligible person during the term of an option for any reason other than death, or cause, the option will be exercisable for a maximum of 90 days thereafter, or until option expiry, whichever comes first. If an option holder dies during the term of an option while in employment, engagement, or while a director of the Corporation or its related entity, such option will be exercisable by the optionee's estate for a maximum of twelve months from the date of the optionee's death, or until option expiry, whichever comes first. If an option holder ceases to be an eligible person under the Plan as a result of being terminated for cause, the term of any options held will be deemed to expire immediately upon termination.

*Non-Transferable.* An option issued under the Plan is non-assignable and non-transferrable.

*Amendments Requiring Shareholder Approval.* If the amendment of an Option requires regulatory or shareholder approval required by the Exchange, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless or until such approvals are given.

As at the date of this Circular, the Corporation has granted the total of 3,500,000 stock options under the Plan to directors, officers and consultants of the Corporation. The options vested immediately upon their grant on November 19, 2021 and are exercisable at a price of \$0.10 per share and have a term of 5 years.

The foregoing information is intended to be a brief summary of the key features of the plan and is qualified in its entirety by reference to the full text of the plan appended hereto as Schedule "A".

In order to be adopted, the Plan Resolution must be approved by simple majority of the votes cast by the holders of the Common Shares, either present in person or represented by proxy at the Meeting.

**THE NEW BREAK BOARD UNANIMOUSLY RECOMMENDS THAT THE NEW BREAK SHAREHOLDERS VOTE IN FAVOUR OF THE APPROVAL OF THE OPTION PLAN. UNLESS OTHERWISE INSTRUCTED, IT IS THE INTENTION OF THE PERSONS DESIGNATED AS PROXYHOLDERS IN THE ENCLOSED PROXY TO VOTE IN FAVOUR OF THE APPROVAL OF THE OPTION PLAN.**

Accordingly, the Corporation's shareholders will be asked to approve the following ordinary resolution:

**"BE IT RESOLVED**, as an ordinary resolution, that:

1. the Stock Option Plan of the Corporation, as described in the management information circular of the Corporation dated December 3, 2021, be and is hereby ratified, confirmed and re-approved.
2. the board of directors of the Corporation be authorized to make any changes to the Stock Option Plan as may be required by the Canadian Securities Exchange, in connection with seeking a public listing of the Common Shares of the Corporation; and
3. any one director or officer of the Corporation be and is hereby authorized and directed to do all such things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."

#### 4. AMEND ARTICLES OF INCORPORATION

Currently the Articles of the Corporation provide that no Common Shares may be transferred without the approval of either (a) the directors of the Corporation expressed by resolution passed by the votes cast by a majority of the directors of the Corporation at a meeting of the board of directors or signed by all of the directors of the Corporation; or (b) the shareholders of the Corporation expressed by resolution passed by the votes cast by a majority of the shareholders who voted in respect of the resolution or signed by all shareholders entitled to vote on that resolution. Furthermore, the Articles of the Corporation provide that the Corporation's securities, other than non-convertible debt securities, shall not be transferred without either (a) the sanction of a majority of the directors of the Corporation; or (b) the sanction of the majority of the shareholders of the Corporation; or alternatively (c), if applicable, the restriction contained in security holders' agreements.

As a condition to obtaining a listing on the Canadian Securities Exchange, an issuer must not have any restrictions on the transfer of its common shares. The Board believes that amending the Corporation's Articles to remove the restrictions on transfer is in the best interests of the Corporation by allowing for the flexibility to seek a stock exchange listing.

Pursuant to the Canadian Business Corporation Act (the "CBCA"), the Corporation may amend its Articles by removing the restrictions on the transfer of Common Shares, subject to the approval of the Shareholders by way of a special resolution requiring the affirmative vote of at least two-thirds (66.7%) of the votes cast in respect of the special resolution.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, a special resolution, the text of which is set out below (the "Article Amendment Resolution"), subject to such amendments, variations or additions as may be approved at the Meeting, to approve the amendment of the Corporation's Articles in order to remove the restrictions on the transfer of Common Shares. In order to be passed, the Article Amendment Resolution must be approved by at least two-thirds (66.7%) of the votes cast at the Meeting in respect thereof.

**THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ARTICLE AMENDMENT RESOLUTION. UNLESS THE SHAREHOLDER HAS SPECIFICALLY INSTRUCTED IN THE FORM OF PROXY OR VOTING INSTRUCTION FORM THAT THE COMMON SHARES REPRESENTED BY SUCH PROXY OR VOTING INSTRUCTION FORM ARE TO BE VOTED AGAINST THE ARTICLE AMENDMENT RESOLUTION, THE PERSONS NAMED IN THE PROXY OR VOTING INFORMATION FORM WILL VOTE FOR THE ARTICLE AMENDMENT RESOLUTION.**

#### **BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the Articles of the Corporation be amended in accordance with the Canadian Business Corporations Act to remove all restrictions on the transfer of shares and transfer of securities of the Corporation by removing the following from of the Corporation's Articles of Incorporation dated April 18, 2014:

##### *"RESTRICTIONS ON SHARE TRANSFERS:*

*The right to transfer shares of the Corporation shall be restricted in that no shareholder shall be entitled to transfer any share or shares of the Corporation without the approval of:*

*1. the directors of the Corporation expressed by resolution passed by the votes cast by a majority of the directors of the Corporation at a meeting of the board of directors or signed by all of the directors of the Corporation; OR*

*2. the shareholders of the Corporation expressed by resolution passed by the votes cast by a majority of the shareholders who voted in respect of the resolution or signed by all shareholders entitled to vote on that resolution.*

##### *RESTRICTIONS ON SECURITIES TRANSFER:*

*The corporation's securities, other than nonconvertible debt securities, shall not be transferred without either (a) the sanction of a majority of the directors of the corporation, or*

*(b) the sanction of the majority of the shareholders of the corporation, or alternatively (c), if applicable, the restriction contained in security holders' agreements.”*

2. any one or more of the directors and officers of the Corporation be authorized and directed to execute, under the corporate seal of the Corporation or otherwise, and deliver all agreements, notices, consents, acknowledgements, certificates and other instruments and to do all such acts and things (including, without limitation, making all such filings to regulatory authorities) as such officer or director may consider necessary or desirable in connection with the matters contemplated by the foregoing resolutions; and
3. notwithstanding the approval of the Shareholders of the Corporation of the above resolutions, the directors of the Corporation may revoke the foregoing resolutions before they are acted on without having to obtain any further approval of the Shareholders of the Corporation.

## 5. ADOPTION OF NEW BY-LAW NO. 1

The Corporation's original By-Law No. 1 (the “**Old By-Law**”) was typical for a privately held CBCA corporation. On December 1, 2021 the Board adopted a new By-Law No. 1 (the “**New By-Law**”), one that reflects certain differences between privately-held corporations and public corporations. The Board believes that the adoption of the New-By-Law is in the best interests of the Corporation as it allows for the flexibility to consider applying for the Corporation to become a public corporation some time in the future.

The New By-Law is substantially similar to the Old By-Law, and the full text of the New By-Law is set out in Schedule “B” hereto. Some of the changes are summarized as follows:

Provision	New By-law	Old By-law
Residency of Directors	At least one Canadian resident director if the number of directors is under four, and at least 25% Canadian resident directors if the Board is comprised of at least four directors.	A majority of the directors shall be resident Canadians, but where the number of directors is two, only one of the directors must be a resident Canadian.
Quorum for a meeting of shareholders	Two holders of shares entitled to vote at a meeting of shareholders (which is typical for public CBCA corporations).	A majority of shareholders holding shares entitled to vote at a meeting of shareholders whether present in person or represented by proxy shall constitute a quorum.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, the text of which is set out below (the “**By-Law Resolution**”), subject to such amendments, variations or additions as may be approved at the Meeting, to confirm the adoption of the New By-Laws. In order to be passed, the By-Law Resolution must be approved by a simple majority (over 50%) of the votes cast at the Meeting in respect thereof.

**THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE BY-LAW RESOLUTION. UNLESS THE SHAREHOLDER HAS SPECIFICALLY INSTRUCTED IN THE FORM OF PROXY OR VOTING INSTRUCTION FORM THAT THE COMMON SHARES REPRESENTED BY SUCH PROXY OR VOTING INSTRUCTION FORM ARE TO BE VOTED AGAINST THE BY-LAW RESOLUTION, THE PERSONS NAMED IN THE PROXY OR VOTING INFORMATION FORM WILL VOTE FOR THE BY-LAW RESOLUTION.**

### BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the adoption of the By-Law No. 1, in the form set out in Schedule “B” of the Corporation's management information circular dated December 3, 2021, subject to any revisions required by any regulatory authority, be confirmed as the general By-Laws of the Corporation to replace, in substitution for, and to the exclusion of the previous By-Laws of the Corporation dated April 18, 2014;

2. any one or more of the directors and officers of the Corporation be authorized and directed to execute, under the corporate seal of the Corporation or otherwise, and deliver all agreements, notices, consents, acknowledgements, certificates and other instruments and to do all such acts and things (including, without limitation, making all such filings to regulatory authorities) as such officer or director may consider necessary or desirable in connection with the matters contemplated by the foregoing resolutions; and
3. notwithstanding the approval of the Shareholders of the Corporation of the above resolutions, the directors of the Corporation may revoke the foregoing resolutions before they are acted on without having to obtain any further approval of the Shareholders of the Corporation.

## 6. OTHER BUSINESS

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. **However, if any other matters properly come before the Meeting, it is the intention of the management proxyholders to vote on the same in accordance with their best judgment on such matters.**

### STATEMENT OF EXECUTIVE COMPENSATION AND RELATED MATTERS

In accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations*, the Canadian Securities Administrators have issued guidelines on executive compensation disclosure for venture issuers as set out in Form 51-102F6V. The objective of the disclosure is to communicate the compensation the Corporation paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. The disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Corporation and will help shareholders of the Corporation understand how decisions about executive compensation are made. The Corporation's approach to executive compensation is set forth below.

#### Director and Named Executive Officer Compensation

Executive compensation is required to be disclosed for each (i) Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) of the most highly compensated executive officer (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year (the "**Named Executive Officers**" or "**NEO's**").

#### Compensation Policy Objectives

The Corporation's executive compensation program is designed to reward corporate and individual performance and motivate executives to achieve overall corporate goals.

The Corporation's executive compensation program has the following objectives:

- to attract, retain and motivate qualified executives;
- to provide incentives to executives to maximize productivity and enhance enterprise value by aligning the interests of the executives with those of the Shareholders;
- to foster teamwork and entrepreneurial spirit;
- to establish a direct link between all elements of compensation and the performance of the Corporation, and individual performance;
- to integrate compensation incentives with the development and successful execution of strategic and operating plans; and
- to enhance Shareholder value.

For the fiscal year ended December 31, 2020, the Corporation only paid compensation to the President and Chief Financial Officer, the Executive Chairman and the Vice President, Exploration and that compensation was approved by the Board as a whole.

Given the recent history of the Corporation and financial markets for exploration issuers, the Corporation has been taking a very pared-down approach to its compensation practices. The Board has only recently appointed a Compensation, Governance and Nominating Committee (“CGN Committee”), effective September 8, 2021. The following sets out the Corporation’s approach to executive compensation.

The executive compensation program is comprised of fixed and variable elements of compensation; base salary, indirect compensation (benefits), discretionary bonus and long-term incentives in the form of stock options. Current compensation levels are not reflective of compensation levels associated with publicly traded companies.

In the future, in the event that the Corporation becomes publicly traded on a recognized stock exchange, in determining actual compensation levels, the Board or the CGN Committee will consider the total compensation program, rather than any single element in isolation. Total compensation levels are expected to be designed to reflect both the marketplace (to ensure competitiveness) and the responsibility of each position (to ensure internal equity). The Board and CGN Committee believes these elements of compensation, when combined, form an appropriate mix of compensation, and provide competitive salary, link the majority of the executives’ compensation to corporate and individual performance (which induces and rewards behaviour that creates long-term value for Shareholders and other stakeholders). While the Corporation has not yet adopted this methodology in evaluating compensation, the following sets out the Corporation’s future planned approach to executive compensation.

### ***Base Salaries***

Base salaries for the executive officers will be designed to be competitive and are expected to be adjusted for the realities of the market. Initial base salaries are expected to be determined through market comparables, formal job evaluation, commercially available salary survey data, experience level, leadership and management skills, responsibilities and proven or expected performance. Historically, the Board has reviewed the recommendations of the Executive Chairman and President and recommended base salaries for executive officers taking into consideration the individual’s performance, contributions to the success of the Corporation, internal equities among positions and the financial position of the Corporation. No specific weightings were assigned to each factor. Instead, a subjective determination is made based on a general assessment of the individual relative to such factors.

### ***Discretionary Bonus***

A discretionary bonus is intended to provide incentives to executive officers to enhance the growth and development of the Corporation, to encourage and motivate executive officers to achieve short-term goals, and to reward individual contribution to the achievement of corporate objectives. The bonus can be based as a percentage of annual salary or a fixed dollar amount and is awarded at the discretion of the Board. To date, the Corporation has not paid any bonuses.

### ***Long-Term Incentives***

The Corporation’s long-term equity portion of executive compensation is designed to align the interests of executive officers with that of Shareholders by encouraging equity ownership through awards of stock options to motivate executives and other key employees to contribute to an increase in corporate performance and Shareholder value, and to attract talented individuals and encourage the retention of executive officers and other key employees.



### ***Stock Options***

The Corporation may grant stock options to its Executive Officers, Directors and consultants pursuant to the terms of the stock option plan. The timing of the grant, and number of Common Shares made subject to option is generally recommended by the President and Chief Executive Officer, reviewed and approved (or revised, if thought appropriate) by the CGN Committee for final recommendation to the Board. Consideration in determining option grants is given to, amongst other things, the total number of stock options outstanding, the current and future expected contribution to the advancement of corporate objectives, the position of the individual, tenure, and previous option grants to selected individuals. No specific weightings are assigned to each factor. Instead, a subjective determination is made based on an assessment of the individual relative to such factors. Grants of stock option also comprise a portion of the compensation package offered to attract and retain new directors and executive officers to the Corporation.

During the fiscal year ended December 31, 2019, the Corporation granted 1,000,000 stock options, which vested immediately, with an exercise price of \$0.05 per share and an expiry date of July 5, 2024. 250,000 of these options expired in July 2020. 100,000 of these options were exercised in July 2020, while the remaining 650,000 options were exercised on October 14, 2021.

During the fiscal year ended December 31, 2020 the Corporation did not grant any stock options. During fiscal 2021, to December 3, 2021, the Corporation granted 3,500,000 stock options on November 19, 2021, which vested immediately, with an exercise price of \$0.10 per share and an expiry date of November 18, 2026. 2,450,000 of these were granted to the directors and officers of the Corporation with the remaining 1,050,000 granted to consultants to the Corporation.

### ***Pension Plan Benefits***

The Corporation does not provide retirement benefits for directors, executive officers or employees.

### ***Share Ownership Requirements***

The Corporation has not imposed minimum share ownership requirements on its directors and the Named Executive Officers.

### ***Risks Associated with Compensation Practices***

As of the date of this Circular, the Corporation's directors had not, collectively, considered the implications of any risks associated with the Corporation's compensation policies applicable to its executive officers.

### ***Financial Instruments***

The Corporation has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. As of the date of this Circular, entitlement to grants of incentive stock options under the Corporation's Stock Option Plan are the only equity-based security elements awarded to executive officers and directors.

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

The following table sets forth all compensation paid or accrued, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation to each Named Executive Officer and director of the Corporation, for each of the two most recently completed financial years ended December 31, 2020 and 2019. No compensation was paid to directors or officers in the year ended December 31, 2018.

### Director and Named Executive Officer Compensation Table

Name and position	Year	Consulting Fees	Committee or Meeting Fees	Value of Perquisites	Share-Based Awards	Other Compensation	Total Compensation
Michael Farrant, <i>Director, President and Chief Financial Officer</i> <sup>(1)</sup>	2020	\$60,000	Nil	Nil	Nil	Nil	\$60,000
	2019	\$45,000	Nil	Nil	\$4,060	Nil	\$49,060
C. Nigel Lees, Director and Executive Chairman <sup>(2)</sup>	2020	\$42,000	Nil	Nil	Nil	Nil	\$42,000
	2019	\$34,500	Nil	Nil	\$4,060	Nil	\$38,560
William Love, Director and VP Exploration <sup>(5)</sup>	2020	\$45,000	Nil	Nil	Nil	Nil	\$45,000
	2019	\$24,000	Nil	Nil	\$2,030	Nil	\$26,030
Thomas Puppenthal, <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	\$5,000	Nil	Nil	\$3,045	Nil	\$8,045
Michael Skutezky, <i>Director and Corporate Secretary</i> <sup>(3)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	\$10,000	Nil	Nil	\$2,030	Nil	\$12,030
Ashley Kirwan, <i>Director</i> <sup>(4)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Mr. Farrant, effective October 1, 2021, was appointed Chief Executive Officer and resigned as Chief Financial Officer.
- (2) Mr. Lees, effective October 1, 2021, was appointed Non-Executive Chairman and resigned as Executive Chairman.
- (3) Mr. Skutezky, effective October 1, 2021, resigned as Corporate Secretary.
- (4) Ms. Kirwan, effective September 1, 2020, was appointed Director. Ms. Kirwan did not receive stock-based compensation or other compensation in 2020.
- (5) Mr. Love effective July 6, 2021, resigned as a director, while continuing as Vice President, Exploration.

## Stock Options and Other Compensation Securities

The following table sets out Compensation Securities (defined to include stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted share units granted or issued by the Corporation or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries) granted or issued to each Named Executive Officer and director during the fiscal years ended December 31, 2020 and December 31, 2019.

Name and position	Number of compensation securities, number of underlying securities <sup>(6)</sup>	Date of issue or grant	Issue, conversion or exercise price	Price of security or underlying security on date of grant <sup>(2)</sup>	Price of security or underlying security at December 31, 2020 <sup>(2)</sup>	Expiry date	Exercised Date <sup>(3)</sup>
Michael Farrant, Director, President and Chief Financial Officer	200,000 stock options to acquire up to 200,000 Common Shares <sup>(1)</sup>	July 5, 2019	\$0.05	\$0.03	\$0.084	July 5, 2024	October 14, 2021
C. Nigel Lees, Director and Executive Chairman	200,000 stock options to acquire up to 200,000 Common Shares <sup>(1)</sup>	July 5, 2019	\$0.05	\$0.03	\$0.084	July 5, 2024	October 14, 2021
Bill Love, Director and VP Exploration <sup>(4)</sup>	100,000 stock options to acquire up to 100,000 Common Shares <sup>(1)</sup>	July 5, 2019	\$0.05	\$0.03	n/a <sup>(3)</sup>	July 5, 2024	July 22, 2020
Thomas Puppenthal, Director	150,000 stock options to acquire up to 150,000 Common Shares <sup>(1)</sup>	July 5, 2019	\$0.05	\$0.03	\$0.084	July 5, 2024	October 14, 2021
Michael Skutezky, Director and Corporate Secretary	100,000 stock options to acquire up to 100,000 Common Shares <sup>(1)</sup>	July 5, 2019	\$0.05	\$0.03	\$0.084	July 5, 2024	October 14, 2021
Ashley Kirwan, Director <sup>(5)</sup>	n/a <sup>(4)</sup>	n/a	n/a	n/a	n/a	n/a	n/a

### Notes:

- (1) On July 5, 2019, stock options were granted at an exercise price of \$0.05 per common share, exercisable for five years and vested immediately.
- (2) The prices of the underlying security at the date of the grant and at December 31, 2020 were estimated by the Corporation based on the values of share capital transactions within two months of the dates noted.
- (3) All stock options listed in the table were exercised prior to the date of the Circular. Mr. Love exercised his options on July 22, 2020 and therefore the price of the underlying security at December 31, 2020 is not applicable.
- (4) Mr. Love resigned as Director, effective July 6, 2021, while continuing as Vice President, Exploration.
- (5) Ms. Kirwan was appointed as a Director on September 1, 2020 and did not receive any remuneration or grant of stock option in fiscal 2020.
- (6) Unless otherwise indicated, no Compensation Security has been re-priced, cancelled, replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year.

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

There were no option-based or share-based awards outstanding for the Named Executive Officers for which there was a value that vested during the year ended December 31, 2020.

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

All of the NEO's serve the Corporation as Consultants. The Corporation did not have any consulting agreements with any of its NEOs as at December 31, 2020. The Corporation has since entered into the following consulting agreements, effective October 1, 2021:

Michael Farrant, President and Chief Executive Officer

Mr. Farrant's consulting agreement, effective October 1, 2021 includes base consulting fees of \$7,500 per month (\$90,000 per annum), participation in a health benefits plan sponsored by the Corporation or reimbursement of health benefits in lieu of a plan, to a maximum of \$10,000 per annum, and eligibility to be awarded an annual bonus and stock options, subject to a performance assessment in the Board's sole discretion. In the event of termination without cause by the Corporation, the Corporation shall make a payment to the Executive equal to three (3) months of the Base Amount until a Financing Trigger and, thereafter, twelve (12) months of the Base Amount. In addition, all vested stock options of the Corporation shall be dealt with in accordance with Option Plan. For further clarity, vested stock options shall remain outstanding for a period of eighteen (18) months from the date of payment of the Severance Amount, or such longer period as may be approved by the Board, subject to regulatory approval including the approval of the stock exchange on which the common shares of the Corporation are trading, if applicable. In addition, the health benefits provided under the agreement shall continue to remain in force for a period of twelve (12) months following the date of payment of the Severance Amount. "Financing Trigger" means the date on which the Corporation completes the sale of common shares for aggregate gross proceeds of \$2.0 million from October 1, 2021.

Jim O'Neill, CFO and Corporate Secretary

Mr. O'Neill, through a company controlled by him, and pursuant to a consulting agreement is eligible for, in the event of termination without cause by the Corporation, a payment equal to two (2) months of the base consulting fees, which are presently \$5,000 per month.

Bill Love, VP Exploration and former Director:

Mr. Love's consulting agreement, effective October 1, 2021, includes base consulting fees of \$7,500 per month (\$90,000 per annum), participation in a health benefits plan sponsored by the Corporation or reimbursement of health benefits in lieu of a plan, to a maximum of \$10,000 per annum, and eligibility to be awarded an annual bonus and stock options, subject to a performance assessment in the Board's sole discretion. In the event of termination without cause by the Corporation, the Corporation shall make a payment to the Executive equal to three (3) months of the Base Amount until a Financing Trigger and, thereafter, twelve (12) months of the Base Amount ("Severance Amount"). In addition, all vested stock options of the Corporation shall be dealt with in accordance with Option Plan. For further clarity, vested stock options shall remain outstanding for a period of eighteen (18) months from the date of payment of the Severance Amount, or such longer period as may be approved by the Board, subject to regulatory approval including the approval of the stock exchange on which the common shares of the Corporation are trading, if applicable. In addition, the health benefits provided under the agreement shall continue to remain in force for a period of twelve (12) months following the date of payment of the Severance Amount. "Financing Trigger" means the date on which the Corporation completes the sale of common shares for aggregate gross proceeds of \$2.0 million from October 1, 2021.

### **DIRECTORS COMPENSATION**

The Board established its Compensation, Governance and Nominating Committee ("CGN Committee"), effective September 8, 2021. The Board upon the recommendation of the CGN Committee, has the responsibility of determining compensation for directors and NEOs. The objective in determining such compensation is to ensure that the Corporation can attract and retain experienced and qualified individuals to serve as directors. The Corporation, in 2020 and 2019 compensated its executive and non-executive directors as indicated in the above through the grant of incentive stock options.

## Incentive Plan Awards

### *Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation*

The Corporation did not grant share-based or option-based awards, or other non-equity incentive plan compensation to directors in the year ended December 31, 2020. The status of option-based awards outstanding for each director as of December 31, 2020, is included in the above Director and Named Executive Officer Compensation Table.

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

There were no option-based or share-based awards for which there was a value that vested, and no non-equity incentive plan compensation was provided to non-executive directors in 2020, 2019 or 2018.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the year ended December 31, 2020 (being the Corporation's last completed financial year), was any director, executive officer, employee, proposed management nominee for election as a director of the Corporation or any associate of any such director, executive officer, or proposed management nominee of the Corporation or any former director, executive officer or employee of the Corporation indebted to the Corporation or indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, other than for routine indebtedness.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director of the Corporation has, since January 1, 2020 (being the commencement of the Corporation's last completed financial year), had any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") requires issuers, such as the Corporation, to provide disclosure with respect to their corporate governance practices in accordance with Form 58-101F2. The required disclosure for the Corporation is set out below.

### Board of Directors

The Board is currently composed of six (6) directors, three (3) being independent directors, as follows:

Name	Position	Director Since	Independent / Non-Independent
Joshua Bailey	Director	July 6, 2021	Independent
Michael Farrant	President, CEO and Director	March 1, 2019	Non-Independent
Ashley Kirwan	Director	September 1, 2020	Independent
C. Nigel Lees	Director	April 18, 2014	Non-Independent
Thomas Puppendahl	Director	April 18, 2014	Independent
Michael Skutezky	Director	March 1, 2019	Non-Independent

Of the proposed directors, Messrs. Bailey and Puppendahl and Ms. Kirwan are considered by the Board to be "independent" within the meaning of applicable securities legislation. Mr. Farrant is not independent by virtue of serving as the Corporation's President and CEO. While Messrs. Lees and Skutezky no longer serve as members of the Corporation's management, effective October 1, 2021, neither are considered by the Board to be

“independent” within the meaning of applicable securities legislation by virtue of Mr. Lees having served as the Corporation’s Executive Chairman and Mr. Skutezky having served as the Corporation’s Corporate Secretary up to October 1, 2021.

### **Orientation and Continuing Education**

All new directors are provided with comprehensive information about New Break. Directors have the opportunity to meet with senior management to obtain insight into the operations of New Break. New directors are briefed on the Corporation’s current property holdings, ongoing exploration programs and mining operations, overall strategic plans, short, medium and long-term corporate objectives, financials status, general business risks and mitigation strategies, and existing Corporation policies. Senior management also makes regular presentations to the Board at its meetings and all directors are encouraged to communicate directly with management and other staff.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector and involving Canadian mineral properties. It is the Corporation’s view that all current members of the Board are well-versed and educated in the factors critical to the success of New Break. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management’s assistance. Board members have full access to the Corporation’s records. Reference is made to the table under the heading “Election of Directors” for a description of the current principal occupations of the members of the Board.

### **Ethical Business Conduct**

The Board expects management to operate the business of the Corporation in a manner that enhances Shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Corporation’s business plan and to meet performance goals and objectives. Directors and senior officers are bound by the provisions of the Corporation’s articles and the CBCA which sets forth resolutions for any conflicts of interest. In particular, any director who has a material interest in a particular transaction is required to disclose such interest and to refrain from voting with respect to the approval of any such transaction.

### **Compensation, Governance and Nominating Committee**

The Corporation constituted its CGN Committee and approved its charter effective September 8, 2021. Prior to September 8, 2021, the Board had assumed the responsibilities of the CGN Committee. The three primary areas of responsibility of the CGN Committee are summarized as follows:

**Compensation:** The overall purpose is to implement and oversee human resources and compensation policies and best practices for recommendation to the Board for approval and implementation. The responsibilities of the Compensation Committee generally include: (1) reviewing and making recommendations to the Board regarding all share incentive awards; (2) developing an executive compensation strategy to attract, retain and motivate senior management to achieve superior results; (3) reviewing and appraising the performance of the executive officers of the Corporation (4) reviewing short-term and long-term talent management and succession planning

**Governance:** The CGN Committee is responsible for reviewing the corporate governance policies and practices of the Corporation generally and making recommendations thereon to the directors of the Corporation, including reviewing and making recommendations to the Board of the Corporation on developing the approach of the Corporation to corporate governance issues and practices, including an annual review of the charters and performance of the Board and its committees.

**Nomination:** The CGN Committee is also responsible for proposals for new nominees to the Board and conducting such background reviews, assessments, interviews and other procedures as it believes necessary to ascertain the suitability of a particular nominee.

## Assessment

The CGN Committee has the on-going responsibility to assess (i) the effectiveness and contribution of the individual directors including the Chairman of the Board and committee chairman of the Corporation on an ongoing basis; (ii) the effectiveness of the directors of the Corporation as a whole; and (iii) the effectiveness of the committees of directors of the Corporation and the mandates of each of such committees.

## Composition of Compensation, Governance and Nomination Committee

The CGN Committee is currently comprised of Mr. Bailey, Mr. Lees and Ms. Kirwan, who is Chair of the CGN Committee.

## AUDIT COMMITTEE

Pursuant to the provisions of Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”), which came into force on March 30, 2004, the Corporation is required to disclose certain information concerning its Audit Committee including the Audit Committee’s charter, the composition of the Audit Committee and its relationship with its independent auditors. Such information is set forth below.

### Audit Committee’s Charter

In order to mirror the requirements of a Canadian publicly listed company, the Corporation has chosen to have an Audit Committee for the purpose of monitoring and enhancing the quality of the financial information disclosed by the Corporation. The Audit Committee’s charter is reproduced in Schedule “C”.

### Composition of Audit Committee

The Audit Committee is currently comprised of Mr. Puppenthal as Chair, Mr. Bailey and Mr. Lees. Messrs. Puppenthal and Bailey are “independent” and each of Messrs. Puppenthal, Bailey and Lees are “financially literate” within the meaning of MI 52-110. In addition to each member’s general business experience, the education and experience of each Audit Committee member is relevant to the performance of his or her responsibilities as an Audit Committee member.

### Audit Committee Oversight

At no time since the commencement of the Corporation’s most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Corporation’s external auditors not been adopted by the Board of Directors.

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation’s most recently completed financial year has the Corporation relied of exemptions in relation to “De Minimus Non-Audit Services” or any exemption provided by Part 8 of MI 52-110.

### Pre-Approval Policies and Procedures

The Corporation has not adopted any specific policies in relation to the engagement of non-audit services.

### External Auditor Service Fees (By Category)

	Financial Years Ended December 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Audit Fees <sup>(1)</sup>	\$18,360	\$12,240	\$ -
Audit-Related Fees <sup>(2)</sup>	-	-	-
Tax Fees <sup>(3)</sup>	\$1,500	\$1,500	\$2,500
All Other Fees <sup>(4)</sup>	-	-	-
<b>Total Fees</b>	<u>\$19,860</u>	<u>\$13,740</u>	<u>\$2,500</u>

**Notes:**

- (1) The aggregate audit fees billed.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audits or reviewing the Corporation's financial statements and are not included under "Audit Fees".
- (3) The aggregate fees billed for services related to tax compliance, tax advice and tax planning. The services performed for the fees paid under this category may briefly be described as tax return preparation fees. The amount paid for 2018 was for the preparation of tax returns for 2014, 2015, 2016, 2017 and 2018.
- (4) The aggregate fees billed for services other than those reported above.

**ADDITIONAL INFORMATION**

Additional information regarding the Corporation and its business activities is available under the Corporation's profile on the SEDAR website located at [www.sedar.com](http://www.sedar.com) and on its website at [www.newbreakresources.ca](http://www.newbreakresources.ca). The Corporation's financial information is provided in the Corporation's audited financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the Corporation's website at [www.newbreakresources.ca](http://www.newbreakresources.ca). Copies of the Corporation's financial statements and related management discussion and analysis are available upon request, free of charge to Shareholders of the Corporation, by contacting the Corporate Secretary, at the Corporation's principal office located at Peterson McVicar LLP, 18 King St. East, Suite 902, Toronto, ON M5C 1C4.



**SCHEDULE "A"**

**NEW BREAK RESOURCES LTD.**

**STOCK OPTION PLAN**



**NEW BREAK RESOURCES LTD.**

**INCENTIVE STOCK OPTION PLAN**

**Dated: February 1, 2019**

**NEW BREAK RESOURCES LTD.  
INCENTIVE STOCK OPTION PLAN**

**ARTICLE 1  
GENERAL**

**1.1 Purpose**

The purpose of this Plan is to advance the interests of NEW BREAK RESOURCES LTD. (the “**Company**”) by (i) providing Eligible Persons with additional incentive; (ii) encouraging stock ownership by Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Company; (iv) encouraging Eligible Persons to remain with the Company or its Affiliates; and (v) attracting new employees, officers, directors and Consultants to the Company or its Affiliates.

**1.2 Administration**

- (a) The Board will administer this Plan. Where applicable all references hereinafter to the term “**Board**” will be deemed to be references to the Committee. Notwithstanding the foregoing, if at any time the Committee has not been appointed by the Board, this Plan will be administered by the Board and in such event references herein to the Committee shall be construed to be a reference to the Board.
- (b) Subject to the limitations of this Plan, the Board has the authority: (i) to grant Options to purchase Shares to Eligible Persons; (ii) to determine the terms, including the limitations, restrictions and conditions, if any, upon such grants; (iii) to interpret this Plan and to adopt, amend and rescind such administrative guidelines and other rules and Regulations relating to this Plan as it may from time to time deem advisable, subject to required prior approval by any applicable regulatory authority and/or stock exchange; and (iv) to make all other determinations and to take all other actions in connection with the implementation and administration of this Plan as it may deem necessary or advisable. The Board’s guidelines, rules, Regulations, interpretations and determinations will be conclusive and binding upon all parties.

**1.3 Interpretation**

For the purposes of this Plan, the following terms will have the following meanings unless otherwise defined elsewhere in this Plan:

“**Act**” means the *Securities Act* (Ontario);

“**Affiliate**” means any corporation that is an affiliated entity of the Company;

“**Affiliated Entity**” means with respect to the Company, a person or company that controls or is controlled by the Company or that is controlled by the same person or company that controls the Company. A company shall be deemed to be controlled by another person or company or by two or more companies if,

- (a) voting securities of the first-mentioned company carrying more than 50 per cent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company or by or for the benefit of the other companies; and
- (b) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of the first-mentioned company.

“**Associate**”, where used to indicate a relationship with any person or company, means: (i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more

than 10 per cent of the voting rights attached to all voting securities of the company for the time being outstanding; (ii) any partner of that person or company; (iii) any trust or estate in which such person or company has a substantial beneficial interest or as to which such person or company serves as trustee or in a similar capacity; (iv) any relative of that person who resides in the same home as that person; (v) any person who resides in the same home as that person and to whom that person is married, or any person of the opposite sex or the same sex who resides in the same home as that person and with whom that person is living in a conjugal relationship outside marriage; or (vi) any relative of a person mentioned in clause (v) who has the same home as that person;

**“Blackout Period”** means an interval of time during which the Company has determined that one or more Participants may not trade any securities nor exercise any Options of the Company because they may be in possession of confidential information pertaining to the Company;

**“Board”** means the Board of Directors of the Company;

**“Business Day”** means a day on which trading occurs on the Exchange;

**“Change of Control”** means the occurrence of any one or more of the following events:

(a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;

(b) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company and/or any of its Subsidiaries which have an aggregate fair market value greater than 50% of the fair market value of the assets, rights and properties of the Company and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned subsidiary of the Company in the course of a reorganization of the assets of the Company and its subsidiaries;

(c) a resolution is adopted to wind-up, dissolve or liquidate the Company;

(d) any person, entity or group of persons or entities acting jointly or in concert (an **“Acquiror”**) acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Company which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror (as such terms are defined in the Act) to cast or to direct the casting of 20% or more of the votes attached to all of the Company’s outstanding Voting Securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors);

(e) as a result of or in connection with: (A) a contested election of directors, or; (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Company or any of its affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Company for election to the Board (or replacements designated by such nominees) shall not constitute a majority of the Board; or

(f) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

**“Committee”** means the Company’s Compensation Committee or such other committee constituted for the purpose of overseeing matters related to compensation, duly appointed by the Board from time to time;

**“Company”** means New Break Resources Ltd.;

**“Consultants”** means individuals, including advisors, other than employees and officers and directors of the Company or an Affiliated Entity that are engaged to provide consulting, technical, management or other services to the Company or any Affiliated Entity under a written contract between the Company or the Affiliated Entity and the individual or a company of which the individual consultant is an employee or shareholder or a partnership of which the individual consultant is an employee or partner;

**“CSE”** means the Canadian Securities Exchange;

**“Eligible Person”** means, subject to the Regulations and to all applicable law, any employee, officer, director, or Consultant of (i) the Company or (ii) any Affiliated Entity (and includes any such person who is on a leave of absence authorized by the Board or the board of directors of any Affiliated Entity);

**“Exchange”** means collectively, the CSE, the TSX-V or the TSX;

**“Insider”** means an insider as defined in the Act;

**“Option”** means a right granted to an Eligible Person to purchase Shares pursuant to the terms of this Plan;

**“Participant”** means an Eligible Person to whom an Option has been granted;

**“Plan”** means the Company’s Incentive Stock Option Plan, as same may be amended from time to time;

**“Regulations”** means the regulations made pursuant to this Plan, as same may be amended from time to time;

**“Retirement”** in respect of a Participant means the Participant ceasing to be an employee, officer, director or Consultant of the Company or an Affiliated Entity after attaining a stipulated age in accordance with the Company’s normal retirement policy or earlier with the Company’s consent;

**“Retirement Date”** means the date that a Participant ceases to be an employee, officer, director or Consultant of the Company or an Affiliated Entity due to the Retirement of the Participant;

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

**“Subsidiary”** means a corporation which is a subsidiary of the Company as defined under the Act;

**“Termination”** means: (i) in the case of an employee, the termination of the employment of the employee with or without cause by the Company or an Affiliated Entity or cessation of employment of the employee with the Company or an Affiliated Entity as a result of resignation or otherwise other than the Retirement of the employee; (ii) in the case of an officer or director, the removal of or failure to re-elect or re-appoint the individual as an officer or director of the Company or an Affiliated Entity (other than through the Retirement of an officer); and (iii) in the case of a Consultant, the termination of the services of a Consultant by the Company or an Affiliated Entity (other than through the Retirement of a Consultant);

**“Termination Date”** means the date on which a Participant ceases to be an Eligible Person due to the Termination of the Participant;

**“Transfer”** includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which possession, legal title or beneficial ownership passes from one person to another, or to the same person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing;

**“TSX”** means the Toronto Stock Exchange;

“**TSX-V**” means the TSX Venture Exchange; and

“**Voting Securities**” means Shares and/or any other securities (other than debt securities) that carry a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine.

This Plan is to be governed by and interpreted in accordance with the laws of the Province of Ontario.

#### **1.4 Shares Reserved under the Share Option Plan**

- (a) The aggregate maximum number of Shares available for issuance under this Plan and all of the Company’s other security based compensation arrangements at any given time is 10% of the Company’s issued and outstanding Shares as at the date of grant of an Option under the Plan, subject to adjustment or increase of such number pursuant to Section 3.2. Any Shares subject to an Option which has been granted under the Plan and which have been cancelled, repurchased, expired, terminated or exercised in accordance with the terms of the Plan will again be available under the Plan.
- (b) The aggregate number of Shares issued to Insiders of the Company within any twelve-month period, or issuable to Insiders of the Company at any time, under the Plan and any other security-based compensation arrangement of the Company, may not exceed 10% of the total number of issued and outstanding Shares of the Company at such time. The aggregate number of Shares reserved for issuance pursuant to Options granted to any one person or entity within any twelve-month period under all security based compensation arrangements shall not exceed 5% of the total number of Shares then outstanding.
- (c) For purposes of this Section 1.4, the number of Shares then outstanding shall mean the number of Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Option.

### **ARTICLE 2 OPTION GRANTS AND TERMS OF OPTIONS**

#### **2.1 Grants**

Subject to this Plan, the Board will have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set out in this Plan, applicable to the exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant’s rights in respect of Shares acquired upon exercise of an Option may be forfeited. An Eligible Person may receive Options on more than one occasion under this Plan and may receive separate Options on any one occasion.

#### **2.2 Exercise of Options**

- (a) Options granted must be exercised no later than 5 years after the date of grant or such lesser period as the applicable grant or Regulations may require.
- (b) Where the expiry date for an Option occurs during a Blackout Period, the expiry date for such Option shall be extended to the date that is 10 Business Days following the end of such Blackout Period.

- (c) The Board may determine when any Option will become exercisable and may determine that the Option will be exercisable in instalments or pursuant to a vesting schedule. Notwithstanding the foregoing, unless the Board determines otherwise, and subject to the other provisions of this Plan, Options issued pursuant to this Plan are subject to a vesting schedule as follows:
  - (i)  $\frac{1}{5}$  upon grant;
  - (ii)  $\frac{1}{5}$  upon the three month anniversary of grant;
  - (iii)  $\frac{1}{5}$  upon the six month anniversary of grant;
  - (iv)  $\frac{1}{5}$  upon the nine month anniversary of grant; and
  - (v)  $\frac{1}{5}$  upon the one year anniversary of grant.
- (d) No fractional Shares may be issued and in a circumstance that results in a Participant otherwise becoming entitled to a fraction of a Share, a downward adjustment shall be made to the next whole Share.
- (e) A minimum of 100 Shares must be purchased by a Participant upon exercise of Options at any one time, except where the remainder of Shares available for purchase pursuant to Options granted to such Participant totals less than 100.
- (f) The date on which an Option will be deemed to have been granted under this Plan will be the date on which the Committee authorizes the grant of such Option or such other future date as may be specified by the Committee at the time of such authorization.

### **2.3 Option Price and Date**

The Board will establish the exercise price of an Option at the time each Option is granted. If the Shares are listed for trading on the CSE, or another stock exchange where the majority of the trading volume and value of the Shares occurs, the exercise price for an Option established by the Board shall not be less than the volume weighted average trading price (calculated in accordance with the rules and policies of the CSE) of the Shares on the CSE, or another stock exchange where the majority of the trading volume and value of the Shares occurs, for the five trading days immediately preceding the day the Option is granted.

### **2.4 Termination, Retirement or Death**

- (a) In the event of the Termination with cause of a Participant, each Option held by the Participant will cease to be exercisable on the earlier of the expiry of its term and the Termination Date, or such longer or shorter period as determined by the Board. In the event of the Termination without cause or Retirement of a Participant, each Option held by the Participant will cease to be exercisable on the earlier of the expiry of its term and 90 days after the Termination Date or Retirement Date, as the case may be, or such longer or shorter period as determined by the Board. For greater certainty, such determination of a longer or shorter period may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of: (i) the expiry date of such Option; and (ii) 36 months following the Termination Date or Retirement Date, as the case may be, of the Participants. The Board may delegate authority to the Chief Executive Officer of the Company to make any determination with respect to the expiry or termination date of Options held by any departing Participant, other than a departing non-management director or the Chief Executive Officer. If any portion of an Option has not vested on the Termination Date or Retirement Date, as the case may

be, the Participant may not, after the Termination Date or Retirement Date, as the case may be, exercise such portion of the Option which has not vested, provided that the Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer to make any determination with respect to vesting of Options or any portion thereof held by any departing Participant, other than a departing non-management director or the Chief Executive Officer.

- (b) If a Participant dies, the legal representatives of the Participant may exercise the Options held by the Participant within a period after the date of the Participant's death as determined by the Board, and for greater certainty such determination may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of such Option; and (ii) 12 months following the date of death of the Participant, but only to the extent the Options were by their terms exercisable on the date of death. The Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer to make any determination with respect to the expiry or termination date of Options or vesting of Options or any portion thereof held by any deceased Participant, other than a departing non-management director or the Chief Executive Officer. If the legal representative of a Participant who has died exercises the Option of the Participant in accordance with the terms of this Plan, the Company will have no obligation to issue the Shares until evidence satisfactory to the Company has been provided by the legal representative that the legal representative is entitled to act on behalf of the Participant to purchase the Shares under this Plan.

## **2.5 Option Agreements**

Each Option must be confirmed, and will be governed, by an agreement in a form (which may, but need not be, in the form of Schedule "A" hereto) determined by the Board and signed on behalf of the Company and the Participant.

## **2.6 Payment of Option Price**

The exercise price of each Share purchased under an Option must be paid in full by bank draft or certified cheque at the time of exercise, and upon receipt of payment in full, but subject to the terms of this Plan, the number of Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable. Share certificates representing the number of Shares in respect of which the Option has been exercised will be issued only upon payment in full of the relevant exercise price, including any applicable withholding tax pursuant to section 3.8 of this Plan, to the Company.

## **2.7 Acceleration of Vesting**

In the event of a Change of Control, all Options outstanding shall be immediately exercisable, notwithstanding any determination of the Board pursuant to Section 2.2 hereof, if applicable. Notwithstanding the vesting schedule for an Option that is specified in an agreement granting an Option or in this Plan, the Committee shall have the right with respect to any one or more Participants in this Plan to accelerate the time at which an option may be exercised.

## **2.8 Merger and Acquisition**

In the event of a transaction or proposed transaction that results or will result in a Change of Control:

(a) subject to Section 2.7, the Committee may, in a fair and equitable manner, determine the manner in which all unexercised Options granted under this Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise of such rights by the Participants, the time for the fulfillment of any conditions or restrictions on such exercise, and the time for the expiry of such Options;

(b) the Committee or any company which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the transaction becoming effective may offer any Participant the opportunity to obtain a new or replacement option over any securities into which the Options are exercisable, on a basis proportionate to the number of Shares under Option and at a proportionate Exercise Price (and otherwise substantially upon the terms of the Option being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the Option may be exercised and expiry dates; and in such event, the Participant shall, if he accepts such offer, be deemed to have released his Option over the Shares and such Option shall be deemed to have lapsed and be cancelled; or

(c) the Committee may exchange for or into any other security or any other property or cash, any Option that has not been exercised, upon giving to the Participant to whom such Option has been granted at least 30 days written notice of its intention to exchange such Option, and during such notice period, the Option, to the extent it has not been exercised, may be exercised by the Participant without regard to any vesting conditions attached thereto, and on the expiry of such notice period, the unexercised portion of the Option shall lapse and be cancelled.

Subsections (a), (b) and (c) of this Section 2.8 are intended to be permissive and may be utilized independently of, successively with, or in combination with each other and Section 2.7, and nothing therein contained shall be construed as limiting or affecting the ability of the Committee to deal with Options in any other manner. All determinations by the Committee under this Section 2.8 will be final, binding and conclusive for all purposes.

## **2.9 Amendment of Option Terms**

Subject to the prior approval of any applicable regulatory authorities and/or stock exchange (as required) and the consent of the Participant affected thereby, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant the Option as so modified or amended, including without limitation, to change the date or dates as of which, or the price at which, an Option becomes exercisable, provided however, that the consent of the Participant shall not be required where the rights of the Participant are not adversely affected.

## **ARTICLE 3 MISCELLANEOUS**

### **3.1 Prohibition on Transfer of Options**

Options are personal to each Participant. Without the permission of the Company, no Participant may deal with any Options or any interest in them or Transfer any Options now or hereafter held by the Participant. A purported Transfer of any Options without the permission of the Company will not be valid and the Company will not issue any Share upon the attempted exercise of improperly transferred Options.

### **3.2 Capital Adjustments**

If there is any change in the outstanding Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares, or other fundamental or similar corporate change, the Board will make, subject to any prior approval required of relevant stock exchanges or other applicable regulatory authorities, if any, an appropriate substitution or adjustment in (i) the exercise price of any unexercised Options under this Plan; (ii) the number or kind of shares or other securities



reserved for issuance pursuant to this Plan; and (iii) the number and kind of shares subject to unexercised Options theretofore granted under this Plan; provided, however, that no substitution or adjustment will obligate the Company to issue or sell fractional shares. In the event of the reorganization of the Company or the amalgamation or consolidation of the Company with another corporation, the Board may make such provision for the protection of the rights of Eligible Persons and Participants as the Board in its discretion deems appropriate. The determination of the Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all parties. No fractional Shares may be issued and in a circumstance that results in a Participant otherwise becoming entitled to a fraction of a Share, a downward adjustment shall be made to the next whole Share.

The grant of an Option shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

### **3.3 Non-Exclusivity**

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Eligible Person or Participant, subject to any required regulatory or shareholder approval.

### **3.4 Renegotiation of Options**

Subject to the prior consent of the Exchange, an Option, to the extent that it has not been exercised, may be renegotiated in accordance with the rules and policies of the Exchange.

### **3.5 Amendment and Termination**

Subject to the requisite shareholder and regulatory approvals set forth under subparagraphs 3.5(a) and (b) below, the Board may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such amendment or revision may, without the consent of the Optionee, in any manner adversely affect his rights under any Option theretofore granted under the Plan.

- (a) The Board may, subject to receipt of requisite shareholder and regulatory approval, including disinterested shareholder approval where so required, make the following amendments to the Plan:
  - (i) any amendment to the number of securities issuable under the Plan, including an increase to the fixed maximum percentage of securities issuable under the Plan. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;
  - (ii) any change to the definition of the Eligible Persons which would have the potential of broadening or increasing insider participation;
  - (iii) the addition of any form of financial assistance;
  - (iv) any amendment to a financial assistance provision which is more favourable to Participants;
  - (v) any addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve;

- (vi) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Company (other than a cashless exercise as discussed in Section 3.5(b)(vi) of this Plan;
  - (vii) a discontinuance of the Plan;
  - (viii) with respect to Insiders, any of the following: (i) a reduction in the exercise price of options or other entitlements held by Insiders; (ii) extension to the term of options held by Insiders; and (iii) changes to the Insider participation limits;
  - (ix) any grant of additional powers to the board of directors to amend the Plan or entitlements not specifically referred to herein; and
  - (x) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to Eligible Persons, especially insiders of the Company, at the expense of the Company and its existing shareholders.
- (b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Plan that are not of the type contemplated in subparagraph 3.5(a) above including, without limitation:
- (i) amendments of a "housekeeping" or clerical nature;
  - (ii) a change to the vesting provisions of a security or the Plan;
  - (iii) amendments to reflect any requirements of any regulatory authorities to which the Company is subject, including the Exchange;
  - (iv) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original expiry date;
  - (v) amendments pursuant to Sections 2.7 and 2.8;
  - (vi) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve; and
  - (vii) amendments to reflect changes to applicable laws or regulations.
- (c) Notwithstanding the provisions of subparagraph 3.5(b), the Company shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to section subparagraph 3.5(b), to the extent such approval is required by any applicable laws or regulations.

### **3.6 No Rights as Shareholder**

Nothing herein or otherwise shall be construed so as to confer on any Participant any rights as a shareholder of the Company with respect to any Shares reserved for the purpose of any Option.

### **3.7 Employment**

In the case of employees, nothing contained in this Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Company or any of its

subsidiaries, or interfere in any way with the right of the Company or any of its subsidiaries to terminate the Participant's employment at any time. Participation in this Plan by a Participant is voluntary.

### **3.8 Securities Regulation and Tax Withholding**

- (a) Where necessary to effect exemption from registration of the Shares under securities laws applicable to the securities of the Company, a Participant shall be required, upon the acquisition of any Shares pursuant to the Plan, to acquire the Shares with investment intent (i.e. for investment purposes) and not with a view to their distribution, and to present to the Board an undertaking to that effect in a form acceptable to the Board. The Board may take such other action or require such other action or agreement by such Participant as may from time to time be necessary to comply with applicable securities laws. This provision and/or the granting of any Option shall in no way obligate the Company to undertake the registration of any Options or the Shares under any securities laws applicable to the securities of the Company.
- (b) The Board and the Company may take all such measures as they deem appropriate to ensure that the Company's obligations under the withholding provisions under income tax laws applicable to the Company and other provisions of applicable laws are satisfied with respect to the issuance of Shares or the grant or exercise of Options under this Plan.
- (c) Issuance, transfer or delivery of certificates for Shares purchased pursuant to this Plan may be delayed, at the discretion of the Board, until the Board is satisfied that the applicable requirements of securities and income tax laws have been met.

### **3.9 No Representation or Warranty:**

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

### **3.10 Compliance with Legislation**

The Board may postpone or adjust any exercise of any Option or the issue of any Shares pursuant to this Plan as the Board in its discretion may deem necessary in order to permit the Company to effect or maintain registration of this Plan or the Shares issuable pursuant thereto under the securities laws of any applicable jurisdiction, or to determine that the Shares and this Plan are exempt from such registration. The Company is not obligated by any provision of this Plan or any grant hereunder to sell or issue Shares in violation of any applicable law. In addition, if the Shares are listed on a stock exchange, the Company will have no obligation to issue any Shares pursuant to this Plan unless the Shares have been duly listed, upon official notice of issuance, on a stock exchange on which the Shares are listed for trading.

### **3.11 Effective Date**

This Plan shall be effective on February 1, 2019, subject to shareholder approval by ordinary resolution at the Company's next annual general or special general meeting of shareholders.

## **SCHEDULE "B"**

### **BY-LAW NO. 1**

A by-law relating generally to the conduct of the business and affairs of

#### **NEW BREAK RESOURCES LTD.**

(the "Corporation")

#### **C O N T E N T S**

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| 1.  | - | Interpretation                               |
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**BE IT ENACTED** as a by-law of New Break Resources Ltd. as follows:

#### **1. INTERPRETATION**

1.1 Definitions - In this by-law and all other by-laws and resolutions of the Corporation, unless the context otherwise requires:

*"Act"* means the *Canada Business Corporations Act*, including the Regulations made pursuant thereto, and any statute or regulations substituted therefor, as amended from time to time;

*"appoint"* includes "elect", and *vice versa*

*"articles"* means the Articles of Incorporation and/or other constating documents of the Corporation as amended or restated from time to time;

"board" means the board of directors of the Corporation and "director" means a member of the board;

"by-laws" means this by-law and all other by-laws, including special by-laws, of the Corporation as amended from time to time and which are, from time to time, in force and effect;

"Corporation" means this Corporation, being the corporation to which the Articles pertain, and named "New Break Resources Ltd.";

"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; "special meeting of shareholders" means a special meeting of all shareholders entitled to vote at an annual meeting of shareholders and a meeting of any class or classes of shareholders entitled to vote on the question at issue;

"recorded address" means, in the case of a shareholder, his address as recorded in the shareholders' register; and in the case of joint shareholders, the address appearing in the shareholders' register in respect of such joint holding or the first address so appearing if there is more than one; in the case of a director, officer, auditor or member of a committee of the board, his latest address as shown in the records of the Corporation or in the most recent notice filed under the *Corporations Information Act*, whichever is the more current. The secretary may change or cause to be changed the recorded address of any person in accordance with any information believed by him to be reliable.

1.2 Rules - In the interpretation of this by-law, unless the context otherwise requires, the following rules shall apply:

- a) Except where specifically defined herein, words, terms and expressions appearing in this by-law, including the terms "resident Canadian" and "unanimous shareholder agreement" shall have the meaning ascribed to them under the Act;
- b) Words importing the singular include the plural and *vice versa*;
- c) Words importing gender include the masculine, feminine and neuter genders;
- d) Words importing a person include an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator, or other legal representative.

## **2. GENERAL BUSINESS MATTERS**

2.1 Registered Office - The shareholders may, by special resolution, from time to time change the municipality or geographic township within Ontario in which the registered office of the Corporation shall be located, but unless and until such special resolution has been passed, the registered office shall be where initially specified in the articles. The directors shall from time to time fix the location of the registered office within such municipality or geographic township.

2.2 Corporate Seal - The Corporation may, but need not, have a corporate seal; if adopted, such seal shall be in the form approved from time to time by the board.

2.3 Fiscal Year - Unless and until another date has been effectively determined, the fiscal year or financial year of the Corporation shall end on December 31<sup>st</sup> in each year.

2.4 Execution of Documents - Deeds, transfers, assignments, contracts, obligations and other instruments in writing requiring execution by the Corporation may be signed by any one officer or director.

Notwithstanding the foregoing, the board may from time to time direct the manner in which and the person or persons by whom a particular document or class of documents shall be executed. Any person authorized to sign any document may affix the corporate seal thereto.

2.5 Banking - All matters pertaining to the banking of the Corporation shall be transacted with such banks, trust companies or other financial organizations as the board may designate or authorize from time to time. All such banking business shall be transacted on behalf of the Corporation pursuant to such agreements, instructions and delegations of powers as may, from time to time, be prescribed by the board.

### 3. DIRECTORS

3.1 Powers - Subject to the express provisions of a unanimous shareholder agreement, the directors shall manage or supervise the management of the business and affairs of the Corporation.

3.2 Transaction of Business - Business may be transacted by resolutions passed at meetings of directors or committees of directors at which a quorum is present or by resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors. A copy of every such resolution in writing shall be kept with the minutes of the proceedings of the directors or committee of directors.

3.3 Number - Until changed in accordance with the Act, the board shall consist of that number of directors, being a minimum of one (1) and a maximum of ten (10), as determined from time to time by special resolution or, if the special resolution empowers the directors to determine the number, by resolution of the board.

3.4 Resident Canadians - If the board consists of only one director, that director shall be a resident Canadian. If the board consists of two directors, at least one of the two directors shall be a resident Canadian. Except as aforesaid, not less than 25% of the directors of the Corporation shall be resident Canadians.

3.5 Qualifications - Each director shall be an individual who is not less than 18 years of age. No person who is of unsound mind and has been so found by a court in Canada or elsewhere or who has the status of a bankrupt shall be a director. If a director acquires the status of a bankrupt or becomes of unsound mind and is so found, he shall thereupon cease to be a director. A director need not be a shareholder.

3.6 Election and Term - The election of directors shall take place at the first meeting of shareholders and at each annual meeting of shareholders and all the directors then in office shall retire, but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors or shareholders shall have otherwise determined in accordance with the Act. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. The election shall be by resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

3.7 Resignation - A director who is not named in the articles may resign from office upon giving a written resignation to the Corporation and such resignation becomes effective when received by the Corporation or at the time specified in the resignation, whichever is later. A director named in the articles shall not be permitted to resign his office unless at the time the resignation is to become effective a successor is elected or appointed.

3.8 Removal - Subject to the provisions of the Act, the shareholders may, by ordinary resolution passed at an annual or special meeting of shareholders, remove any director from office before the expiration of his term and may elect a qualified individual to fill the resulting vacancy for the remainder of the term of the director so removed, failing which such vacancy may be filled by the board. Notice of intention to pass such resolution shall be given in the notice calling the meeting.

3.9 Vacation of office - A director ceases to hold office when he dies, resigns, is removed from office by the shareholders, or becomes disqualified to serve as director.

3.10 Vacancies - Subject to the provisions of the Act, a vacancy on the board may be filled for the remainder of its term by a qualified individual by resolution of a quorum of the board. If there is not a quorum of directors or if a vacancy results from the failure to elect the number of directors required to be elected at any meeting of shareholders, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

#### **4. MEETINGS OF DIRECTORS**

4.1 Place of Meetings - Meetings of the board may be held at the registered office of the Corporation or at any other place within or outside of Ontario, and it is not necessary that, in any financial year of the Corporation, a majority of such meetings be held in Canada.

4.2 Participation by Telephone - With the unanimous consent of all of the directors present at or participating in the meeting, a director may participate in a meeting of the board or in a meeting of a committee of directors by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed for the purposes of the Act and this by-law to be present at that meeting. A consent pursuant to this provision may be given before or after the meeting to which it relates and may be a "blanket" consent, relating to all meetings of the board and/or committees of the board and need not be in writing.

4.3 Calling of Meetings - In addition to any other provisions in the articles or by-laws of a Corporation for calling meetings of directors, a quorum of the directors may, at any time, call a meeting of any business, the general nature of which is specified in the notice calling the meeting. Where the Corporation has only one director, that director may constitute a meeting.

4.4 Notice of Meeting - Notice of the time and place for the holding of a meeting of the board shall be given to every director of the Corporation not less than two clear days (excluding Sundays and holidays as defined by the *Interpretation Act*) before the date of the meeting. Notwithstanding the foregoing, notice of a meeting shall not be necessary if all of the directors are present, and none objects to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting. Notice of an adjourned meeting is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.5 First Meeting of New Board - Provided that a quorum of directors is present, a newly elected board may, without notice, hold its first meeting immediately following the meeting of shareholders at which such board is elected.

4.6 Regular Meetings - The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required

for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.7 Quorum - A majority of the directors elected to office constitutes a quorum at any meeting of the board.

4.8 Chairman - The Chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting:

Chairman of the Board; President; A Vice-President, or Managing Director

If no such officer is present, the directors present shall choose one of their number to be Chairman of such meeting.

4.9 Votes to Govern - At all meetings of the board, every question shall be decided by a majority of the votes cast on the question; and in the case of an equality of votes, the Chairman of the meeting shall not \*be entitled to a second or casting vote.

4.10 Disclosure- Conflict of Interest - A director or officer of the Corporation who is a party to, or who is a director or an officer of, or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation, shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest. Disclosure, as aforesaid, shall be made at the time and in the manner required by the Act, and a director so having an interest in a contract or transaction shall, unless expressly permitted by the Act, not vote on any resolution to approve the contract or transaction.

4.11 Delegation by Directors (Committees) - The board may appoint from their number a managing director, or a committee of directors, and delegate to such managing director or committee any of the powers of the board except those which relate to matters over which a managing director or committee shall, pursuant to the Act, not have authority. Unless otherwise determined by the board, a committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

4.8 Remuneration and Expenses - Subject to the articles and any unanimous shareholder agreement, the board may fix the remuneration of the directors, which remuneration shall be in addition to any remuneration which may be payable to a director who serves the Corporation in any other capacity. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board, committees or shareholders and for such other out-of-pocket expenses incurred in respect of the performance of their duties as the board may from time to time determine.

## 5. OFFICERS

5.1 Appointment - The board may from time to time designate the offices of the Corporation, appoint officers (and assistants to officers), specify their duties and, subject to the Act or the provisions of any unanimous shareholder agreement, delegate to such officers powers to manage the business and affairs of the Corporation. A director may be appointed to any office of the Corporation. Except for the chairman of the board and the managing director, an officer may but need not be a director. Two or more offices may be held by the same person.

5.2 Term of Office (Removal) - In the absence of a written agreement to the contrary, the board may remove, whether for cause or without cause, any officer of the Corporation. Unless so removed, an officer shall hold office until his successor is appointed or until his resignation, whichever shall first occur.

5.3 Terms of Employment, Duties and Remuneration - The terms of employment and remuneration of all officers elected or appointed by the board shall be determined from time to time and may be varied from time to time by the board. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from



receiving such remuneration as may be determined. All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the Board of Directors at any time, with or without cause.

5.4 Description of Offices - Unless otherwise specified by the board (which may, subject to the Act, modify, restrict or supplement such duties and powers), the offices of the Corporation, if designated and if officers are appointed thereto, shall have the following duties and powers associated therewith:

- a) **Chairman of the Board** - The chairman of the board, if one is to be appointed, shall be a director. The board may assign to him any of the powers and duties which, pursuant to the by-laws, are capable of being assigned to the managing director or to the president. During the absence or disability of the Chairman of the Board, the President shall assume all his powers and duties.
- b) **Managing Director** - The managing director, if one is to be appointed, shall exercise such powers and have such authority as may be delegated to him by the Board in accordance with the provisions of Section 127 of the Act.
- c) **President** - The President shall be the chief executive officer of the Corporation unless otherwise determined by resolution of the Board of Directors and shall have responsibility for the general management and direction of the business and affairs of the Corporation, subject to the authority of the Board of Directors. Where no Chairman of the Board is elected or during the absence or inability to act of Chairman of the Board, the President, when present, shall preside at all meetings of shareholders, and if he is a director, at all meetings of the Board of Directors or meetings of a committee of directors;
- d) **Vice-President** - During the absence or inability of the President, his duties may be performed and his powers may be exercised by the Vice-President, or if there are more than one, by the Vice-President in order of seniority (as determined by the Board of Directors) save that no Vice-President shall preside at a meeting of the Board of Directors or at a meeting of shareholders who is not qualified to attend the meeting as a director or shareholder, as the case may be. A Vice-President shall also perform such duties and exercise such powers as the President may from time to time delegate to him or as the Board of Directors may prescribe;
- e) **General Manager / Chief Administration Officer** - The General Manager or Chief Administrative Officer, if one be appointed, shall have the responsibility for the general management, and direction, subject to the authority of the Board of Directors and the supervision of the President, of the Corporation's business and affairs and the power to appoint and remove any and all officers, employees and agents of the Corporation not appointed directly by the Board of Directors and to settle the terms of their employment and remuneration.
- f) **Secretary** - The secretary, when in attendance, shall be the secretary of all meetings of the board, shareholders and committees of the board and, whether or not he attends, the secretary shall enter or cause to be entered in the Corporation's minute book, minutes of all proceedings at such meetings; he shall give, or cause to be given, as and when instructed, notices to shareholders, directors, auditors and members of committees; he shall be the custodian of the corporate seal as well as all books, papers, records, documents and other instruments belonging to the Corporation. He shall perform such other duties as may from time to time be prescribed by the Board of Directors;
- g) **Treasurer** - The treasurer shall be responsible for the maintenance of proper accounting records in compliance with the Act as well as the deposit of money, the safekeeping of securities and the disbursement of funds of the Corporation; whenever required, he shall render to the board an account of his transactions as treasurer and of the financial position of the Corporation.

The duties of all other officers of the Corporation shall be such as the terms of their engagement call for or the board requires of them. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

5.5 Vacancies - If the office of the Chairman of the Board, Managing Director, President, Vice-President, Secretary, Assistant Secretary, Treasurer, Assistant Secretary, or any one of such offices, or any other office shall be or become vacant by reason of death, resignation, disqualification or otherwise, the Board of Directors by resolution shall in the case of the President or Secretary, and may in the case of any other office, appoint a person to fill such vacancy.

5.6 Agents and Attorneys - The board shall have power from time to time to appoint agents or attorneys for the Corporation in or out of Ontario with such powers of management, administration or otherwise (including the power to sub-delegate) as the board considers fit.

5.7 Disclosure- Conflict of Interest - An officer shall have the same duty to disclose his interest in a material contract or transaction or proposed material contract or transaction with the Corporation, as is, pursuant to the provisions of the Act and the by-laws, imposed upon directors.

## **6. PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

6.1 Standard of Care - Every director and officer of the Corporation in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Every director and officer of the Corporation shall comply with the Act, the regulations, articles, by-laws and any unanimous shareholder agreement.

6.2 Limitation of Liability - Provided that the standard of care required of him has been satisfied, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune which shall happen in the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own wilful neglect or default.

6.3 Indemnity of Directors and Officers - Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal administrative, investigative or other action or proceeding to which he is made a party by reason of being or having been a director or officer of such corporation or body corporate if,

- a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
- b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall indemnify such person in all such other matters, actions, proceedings and circumstances as may be permitted by the Act or the law.

6.4 Insurance - Subject to the Act, the Corporation may purchase and maintain such insurance for the benefit of any person entitled to be indemnified by the Corporation pursuant to the immediately preceding section as the board may from time to time determine.

## 7. MEETINGS OF SHAREHOLDERS

7.1 Annual Meetings - The board shall call, at such date and time as it determines, the first annual meeting of shareholders not later than eighteen months after the Corporation comes into existence and thereafter not later than fifteen months after holding the last preceding annual meeting, so as to consider the financial statements and reports required by the Act to be presented thereat, to elect directors, appoint auditors and to transact such other business as may properly be brought before the meeting.

7.2 Special Meetings - The board, the chairman of the board, the managing director or the president may at any time call a special meeting of shareholders for the transaction of any business which may properly be brought before such meeting of shareholders.

7.3 Place of Meetings - Meetings of shareholders shall be held at such place in or outside Ontario as the board determines or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

7.4 Special Business - All business transacted at a special meeting or an annual meeting of shareholders, except consideration of the minutes of an earlier meeting, the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor constitutes special business.

7.5 Notice of Meetings - Notice of the time and place of a meeting of shareholders shall be sent not less than 10 days, or if the Corporation is an offering corporation, not less than twenty-one (21) days, but in either case not more than 50 days before the date of the meeting:

- a) to each shareholder entitled to vote at the meeting (according to the records of the Corporation at the close of business on the day preceding the giving of the notice);
- b) to each director; and
- c) to the auditor of the Corporation.

A meeting of shareholders may be held at any time without notice if all the shareholders entitled to vote thereat are present or represented by proxy and do not object to the holding of the meeting or those not so present by proxy have waived notice, if all the directors are present or have waived notice of or otherwise consent to the meeting and if the auditor, if any, is present or has waived notice of or otherwise consents to the meeting.

Notice of a meeting of shareholders at which special business is to be transacted shall state:

- a) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon; and
- b) the text of any special resolution or by-law to be submitted to the meeting.

In the event of the adjournment of a meeting, notice, if any is required, shall be given in accordance with the provisions of the Act.

7.6 Waiving Notice - A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of a meeting of shareholders, and attendance of any such person at a meeting of shareholders is a waiver of notice of the meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

7.7 Persons Entitled to be Present - The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Corporation, if any and such other persons who are entitled or required under any provision of the Act, articles or by-laws of the Corporation to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

7.8 Quorum - Two holders of shares entitled to vote at a meeting of shareholders, whether present in person or represented by proxy, constitute a quorum for the transaction of business at any meeting of shareholders. If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with the business of the meeting even if a quorum is not present throughout the meeting. If the Corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

7.9 Right to Vote - Unless the articles otherwise provide, each share of the Corporation entitles the holder thereof to one vote at a meeting of shareholders. At each meeting of shareholders every shareholder shall be entitled to vote who is entered on the books of the Corporation as a holder of one or more shares carrying the right to vote at such meeting in accordance with a shareholder list which, in the case of a record date, shall be a list of those registered at the close of business on that record date, and where there is no record date, at the close of business on the day immediately preceding the day on which notice is given or, where no notice is given, those registered on the day on which the meeting is held. When a share or shares have been mortgaged or hypothecated, the person who mortgaged or hypothecated such share or shares (or his proxy) may nevertheless represent the shares at meetings and vote in respect thereof unless in the instrument creating the mortgage or hypothec, he has expressly empowered the holder of such mortgage or hypothec to vote thereon, in which case such holder (or his proxy) may attend meetings to vote in respect of such shares upon filing with the Secretary of the meeting sufficient proof of the terms of such instrument.

7.10 Representatives - An executor, administrator, committee of a mentally incompetent person, guardian or trustee and where a Corporation is such executor, administrator, committee, guardian or trustee, any person duly a proxy appointed for such corporation, upon filing with the secretary of the meeting sufficient proof of his appointment, shall represent the shares in his or its hands at all meetings of the shareholders of the Corporation and may vote accordingly as a shareholder in the same manner and to the same extent as the shareholder of record. Where two or more persons hold the same share or shares jointly, any one of such persons present at a meeting of shareholders has the right, in the absence of the other or others, to vote in respect of such share or shares but if more than one of such persons are present or represented by proxy and vote, they shall vote together as one on the share or shares jointly held by them.

7.11 Scrutineers - At each meeting of shareholders one or more scrutineers may be appointed by a resolution of the meeting or by the Chairman with the consent of the meeting to serve at the meeting. Such scrutineers need not be shareholders of the Corporation.

7.12 Proxies - Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder or one or more alternate proxyholders who need not be shareholders, as the shareholder's nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy. A proxy shall be in writing, shall be executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and shall cease to be valid after the expiration of one year from the date thereof. The instrument appointing a proxy shall comply with the provisions of the Act and regulations thereto and shall be in such form as the Board of Directors may from time to time prescribe or in such other form as the Chairman of the meeting may accept as sufficient and shall be deposited with the Secretary of the meeting before any vote is cast under its authority, or at such earlier time and in such manner as the Board of Directors may prescribe in accordance with the Act.

7.13 Time for Deposit of Proxies - The Corporation shall recognize a proxy only if it has been deposited with the Corporation and it shall be so deposited before any vote is taken under its authority, or at such earlier time as the board, in compliance with the Act, prescribes and which has been specified in the notice calling the meeting.

7.14 Corporate Shareholders and Associations - As an alternative to depositing a proxy, a body corporate or an association may deposit a certified copy of a resolution of its directors or governing body authorizing an individual to represent it at meetings of shareholders of the Corporation.

7.15 Joint Shareholders - Where two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may in the absence of the others vote the shares, but if two or more of those persons are present, in person or by proxy, they shall vote as one on the shares jointly held by them.

7.16 Votes to Govern - Subject to the Act, the articles, the by-laws and any unanimous shareholder agreement, all questions proposed for the consideration of the shareholders shall be determined by a majority of the votes cast thereon and, in case of an equality of votes, the chairman of the meeting shall not \*have a second or casting vote.

7.17 Show of Hands - Except where a ballot is demanded as hereafter set out, voting on any question proposed for consideration at a meeting of shareholders shall be by show of hands, and a declaration by the chairman as to whether or not the question or motion has been carried and an entry to that effect in the minutes of the meeting shall, in the absence of evidence to the contrary, be evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion.

7.18 Ballots - For any question proposed for consideration at a meeting of shareholders, either before or after a vote by show of hands has been taken, the chairman, or any shareholder or proxyholder may demand a ballot, in which case the ballot shall be taken in such manner as the chairman directs and the decision of the shareholders on the question shall be determined by the result of such ballot.

7.19 Resolution in Lieu of Meeting - Except where, pursuant to the Act, a written statement is submitted to the Corporation by a director or representations in writing are submitted to the Corporation by an auditor:

- a) a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and
- b) a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders, and signed by all the shareholders entitled to vote at that meeting, satisfies all the requirements of the Act relating to that meeting of shareholders.

7.20 One Shareholder - Where the Corporation has only one shareholder, all business which the Corporation may transact at an annual or special meeting of shareholders shall be transacted in the manner provided for in paragraph 7.19 hereof.

7.21 Adjournment - The Chairman of the meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, or where otherwise permitted under the provisions of the Act, adjourn the meeting from time to time and from place to place.

## 8. SHARES

8.1 Allotment - Subject to the Act, the articles and any unanimous shareholder agreement, the board may from time to time issue, allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation, at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.2 Share Certificates - Share certificates and the form of stock transfer power shall be in such form as the board shall from time to time approve and shall be signed by the Chairman of the Board or the President or a Vice-President and the Secretary or Assistant Secretary holding office at the time of signing. Every shareholder of the Corporation is entitled upon request to a share certificate or to a non-transferable written acknowledgment of his right to obtain a share certificate in respect of the shares held by him.

Unless otherwise provided in the Articles, the Board may provide by resolution that all or any classes and series of shares or other securities shall be uncertified securities, provided that such resolution shall not apply to securities represented by a certificate until such certificate is surrendered to the Corporation.

The signature of the Chairman of the Board, the Vice-Chairman of the Board, the President or a Vice-President may be printed, engraved, lithographed or otherwise mechanically reproduced upon certificates for shares of the Corporation. Certificates so signed shall be deemed to have been manually signed by the Chairman of the Board, the Vice-Chairman of the Board, the President or the Vice-President whose signature is so printed, engraved, lithographed or otherwise mechanically reproduced thereon and shall be as valid to all intents and purposes as if they had been signed manually. Where the Corporation has appointed a trustee, registrar, transfer agent, branch transfer agent or other authenticating agent, for the shares of the Corporation the signature of the Secretary or Assistant Secretary may also be printed, engraved, lithographed or otherwise mechanically reproduced on certificates representing the shares (or the shares of the class or classes in respect of which any such appointment has been made) of the Corporation and when countersigned by or on behalf of a trustee, registrar, transfer agent, branch transfer agent or other authenticating agent such certificates so signed shall be as valid to all intents and purposes as if they had been signed manually. A share certificate containing the signature of a person which is printed, engraved, lithographed or otherwise mechanically reproduced thereon may be issued notwithstanding that the person has ceased to be an officer of the Corporation and shall be as valid as if he were an officer at the date of its issue.

8.3 Joint Shareholders - If two or more persons are registered as joint holders of any share, it shall be sufficient for the Corporation to issue one certificate in respect thereof and it shall also be sufficient for the Corporation to accept, from any one of such persons, receipts for the certificate or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.4 Deceased Shareholders - In the event of the death of a shareholder, the Corporation shall not be required to make an entry in its records in respect of such death and nor shall it be required to make any dividend or other payment in respect of such shares until such documents have been produced to the Corporation as are required by the Act and the law and as are reasonably required by the Corporation and its transfer agents.

8.5 Replacement of Share Certificates - Subject to the Act, the board may prescribe, either generally or for a particular instance, the conditions upon which a new share certificate may be issued to replace a share certificate which has been or is claimed to have been defaced, lost, stolen or destroyed.

8.6 Payment of Commission - The board may, from time to time, authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or for procuring or agreeing to procure purchasers for any such shares.

8.7 Lien for Indebtedness - Subject to the Act, the Corporation has a lien on shares registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation which lien may be enforced, subject to the articles and to any unanimous shareholder agreement, by the sale of such shares or by any other proceeding or remedy available by law to the Corporation and, until such indebtedness has been satisfied, the Corporation may refuse to register a transfer of any such shares.

8.8 Central Securities Register - A securities register and the register of transfers of the Corporation shall be kept at the registered office of the Corporation or such other office or place in Ontario as may from time to time be designated by resolution of the Board of Directors and a branch securities register or registers of transfers may be kept at such office or offices of the Corporation or other place or places, either in or outside Ontario, as may from time to time be designated by resolution of the Board of Directors.

8.9 Transfer of Securities - No transfer of shares shall be recorded or registered unless or until the certificate representing the shares to be transferred has been surrendered and cancelled.

## **9. DIVIDENDS**

9.1 Declaration - Subject to the Act, the articles and any unanimous shareholder agreement, the board may declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Any such dividend may be paid by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation or, subject to the Act, the Corporation may pay a dividend in money or property.

9.2 Payment - A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and, unless the shareholder otherwise directs, mailed by prepaid ordinary mail to such registered holder at his last address appearing on the records of the Corporation. In the case of joint shareholders, unless they otherwise direct, the cheque shall be made payable to the order of all of such joint holders and mailed by prepaid ordinary mail to them at the address appearing on the records of the Corporation for them or, if addresses appear for more than one such joint holder, it shall be mailed to the first address so appearing. The mailing of such cheque as aforesaid, unless it is not honoured on presentation, shall satisfy and discharge the liability for the dividend to the extent of the aggregate of the sum represented by such cheque plus the amount of any tax which the Corporation is required to and does withhold. The board may prescribe, either generally or for a particular instance, the terms as to indemnity, reimbursement of expenses and evidence of non-receipt, upon which a replacement cheque may be issued to a person to whom a dividend cheque was sent and who claims that such cheque was not received or has been defaced, lost, stolen or destroyed.

## **10. NOTICES**

10.1 Method of Giving Notices - Any notice, communication or other document required to be given by the Corporation to a shareholder, director, officer, member of a committee of the board or auditor of the Corporation pursuant to the Act, the regulations, the articles or by-laws or otherwise shall be sufficiently given to such person if:

- a) delivered personally to him, in which case it shall be deemed to have been given when so delivered;
- b) delivered to his recorded address, in which case it shall be deemed to have been given when so delivered;
- c) mailed to him at his recorded address by prepaid ordinary mail, in which case it shall be deemed to have been given on the fifth day after it is deposited in a post office or public letter box; or

- d) sent to him at his recorded address by any means of prepaid transmitted or recorded communication, in which case it shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch.

If a notice or document is sent to a shareholder by prepaid mail in accordance with this paragraph and the notice or document is returned on three consecutive occasions because the shareholder cannot be found, it shall not be necessary to send any further notices or documents to the shareholder until he informs the Corporation in writing of his new address.

10.2 Notice to Joint Shareholders - Notice required to be given to a shareholder where two or more persons are registered as joint holders of any share shall be sufficiently given to all of them if given to any one of them.

10.3 Notices Given to Predecessors - Every person who by transfer, death of a shareholder, operation of law or otherwise becomes entitled to shares, is bound by every notice in respect of such shares which was duly given to the registered holder of such shares from whom his title is derived prior to entry of his name and address in the records of the Corporation and prior to his providing to the Corporation the proof of authority or evidence of his entitlement as prescribed by the Act.

10.4 Computation of Time - In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice and the date of the meeting or other event shall be excluded.

10.5 Omissions and Errors - The accidental omission to give any notice to any shareholder, director, officer, member of a committee of the board or auditor, or the non-receipt of any notice by any such person or any error in any notice not affecting its substance shall not invalidate any action taken at any meeting to which the notice pertained or otherwise founded on such notice.

10.6 Waiver of Notice - Any shareholder, proxyholder, director, officer, member of a committee of the board or auditor may waive or abridge the time for any notice required to be given him, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board, which may be given in any manner.

## 11. EFFECTIVE DATE

11.1 Effective Date - Subject to its being confirmed by the shareholders, this by-law shall come into force when enacted by the board, subject to the provisions of the Act.

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**SCHEDULE “C”**  
**AUDIT COMMITTEE CHARTER**  
**NEW BREAK RESOURCES LTD.**

**MANDATE**

The primary mandate of the audit committee (the “Audit Committee”) of the Board of Directors of the Company (the “Board”) is to assist the Board in overseeing the Company’s financial reporting and disclosure. This oversight includes:

- (a) reviewing the financial statements and financial disclosure that is provided to shareholders and disseminated to the public;
- (b) reviewing the systems of internal controls to ensure integrity in the financial reporting of the Company; and
- (c) monitoring the independence and performance of the Company’s external auditors and reporting directly to the Board on the work of the external auditors.

**COMPOSITION AND ORGANIZATION OF THE COMMITTEE**

1. The Audit Committee must have at least three directors.
2. The majority of the Audit Committee members must not be executive officers, employees, control persons of the Company or any of its associates or affiliates.<sup>1</sup>
3. Every Audit Committee member must be financially literate. Financial literacy is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.<sup>2</sup>
4. The Board will appoint from themselves the members of the Audit Committee on an annual basis for one-year terms. Members may serve for consecutive terms.
5. The Board will also appoint a chair of the Audit Committee (the Chair of the Audit Committee) for a one-year term. The Chair of the Audit Committee may serve as the chair of the committee for any number of consecutive terms.
6. A member of the Audit Committee may be removed or replaced at any time by the Board. The Board will fill any vacancies in the Audit Committee by appointment from among members of the Board.

**MEETINGS**

7. The Audit Committee will meet at least four (4) times per year. Special meetings may be called by the Chair of the Audit Committee as required.
8. Quorum for a meeting of the Audit Committee will be two (2) members in attendance.
9. Members may attend meetings of the Audit Committee by teleconference, videoconference, or by similar communication equipment by means of which all persons participating in the meeting can communicate with each other.

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<sup>1</sup> National Instrument 52-110 *Audit Committees* section 6.1.1(3)

<sup>2</sup> National Instrument 52-110 *Audit Committees* section 1.4

10. The Audit Committee Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to Audit Committee members for members to have a reasonable time to review the materials prior to the meeting.
11. Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee. Minutes of each meeting must be distributed to members of the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

## **RESPONSIBILITIES OF THE COMMITTEE**

The Audit Committee will perform the following duties:

### **External Auditor**

- (a) select, evaluate and recommend to the Board, for shareholder approval, the external auditor to examine the Company's accounts, controls and financial statements;
- (b) evaluate, prior to the annual audit by external auditors, the scope and general extent of their review, including their engagement letter, and the compensation to be paid to the external auditors and recommend such payment to the Board;
- (c) obtain written confirmation from the external auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs;
- (d) recommend to the Board, if necessary, the replacement of the external auditor;
- (e) meet at least annually with the external auditors, independent of management, and report to the Board on such meetings; and
- (f) pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services;

### **Financial Statements and Financial Information**

- (a) review and discuss with management and the external auditor the annual audited financial statements of the Company and recommend their approval by the Board;
- (b) review and discuss with management, the quarterly financial statements and recommend their approval by the Board;
- (c) review and recommend to the Board for approval the financial content of the annual report;
- (d) review the process for the certification of financial statements by the Chief Executive Officer and Chief Financial Officer;
- (e) review the Company's management discussion and analysis, annual and interim earnings or financial disclosure news releases, and audit committee reports before the Company publicly discloses this information;
- (f) review annually with external auditors, the Company's accounting principles and the reasonableness of managements judgments and estimates as applied in its financial reporting; and
- (g) review and consider any significant reports and recommendations issued by the external auditor, together with management's response, and the extent to which recommendations made by the external auditors have been implemented.

## **Risk Management, Internal Controls and Information Systems**

- (a) review with the external auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls;
- (b) review adequacy of security of information, information systems and recovery plans;
- (c) review management plans regarding any changes in accounting practices or policies and the financial impact thereof;
- (d) review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements;
- (e) discuss with management and the external auditor correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure;
- (f) assisting management to identify the Company's principal business risks; and
- (g) review the Company's insurance, including directors' and officers' coverage, and provide recommendations to the Board;

## **Other**

- (a) review Company loans to employees/consultants; and
- (b) conduct special reviews and/or other assignments from time to time as requested by the Board.

## **PROCESS FOR HANDLING COMPLAINTS REGARDING FINANCIAL MATTERS**

The Audit Committee shall establish a procedure for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, financial reporting, or auditing matters.

The Audit Committee shall ensure that any procedure for receiving complaints regarding accounting, internal controls, financial reporting, or auditing matters will allow the confidential and anonymous submission of concerns by employees.

## **REPORTING**

The Audit Committee will report to the Board on:

- (a) the external auditor's independence;
- (b) the performance of the external auditor and the Audit Committee's recommendations;
- (c) regarding the reappointment or termination of the external auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (h) all other material matters dealt with by the Audit Committee.

### **AUTHORITY OF THE COMMITTEE**

The Audit Committee will have the resources and authority, appropriate to discharge its duties and responsibilities. The Audit Committee may at any time retain outside financial, legal or other advisors at the expense of the Company without approval of management.

The external auditor will report directly to the Audit Committee.

### **EFFECTIVE DATE**

This Charter was implemented by the Board on **September 1, 2020.**