



**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE**

**ANNUAL GENERAL AND SPECIAL MEETING**

**OF SHAREHOLDERS**

**OF**

**GRAPHANO ENERGY LTD.**

**TO BE HELD ON**

**APRIL 25, 2024**

**DATED: FEBRUARY 28, 2024**



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**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD THURSDAY, APRIL 25, 2024**

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**NOTICE IS HEREBY GIVEN** that the **Annual General and Special Meeting** (the “**Meeting**”) of the holders of common shares (“**Shareholders**”) of **GRAPHANO ENERGY LTD.** (the “**Company**”) will be held by web/teleconference on **Thursday, April 25, 2024, at 9.00 a.m. (Pacific Time) / 12:00 p.m. (Eastern Time)** for the following purposes:

1. to receive and consider the audited financial statements of the Company, together with the notes thereto and the auditor’s reports thereon, for the financial years ended July 31, 2023, July 31, 2022, and July 31, 2021.
2. to fix the number of directors of the Company at five (5);
3. to elect directors of the Company to hold office until the next annual meeting of shareholders, as more particularly described in the Circular;
4. to appoint Wasserman Ramsay, Chartered Professional Accountants, as auditor of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration to be paid to the auditor;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the adoption of a new security-based compensation plan of the Company (the “**New Security-Based Compensation Plan Resolution**”), as more particularly described in the Circular;
6. to transact such further and other business as may be properly brought before the Meeting and any adjournment thereof.

The accompanying Information Circular (the “**Circular**”) provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Shareholders are advised to review the Circular before voting.

Although no other matters are contemplated, the Meeting may also consider the transaction of such other business, and any permitted amendment to or variation of any matter identified in this Notice, as may properly come before the Meeting or any adjournment thereof. Accompanying this Notice is a (i) form of proxy or voting instruction form, and (ii) request for financial statements form.

The board of directors of the Company (the “**Board**”) has fixed the close of business on February 28, 2024, as the record date for the determination of the Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournment thereof. Registered shareholders and duly appointed proxyholders wishing to attend, ask questions and vote at the Meeting should follow the teleconference registration process below.

### **WEB/TELECONFERENCE REGISTRATION**

Registered Shareholders and proxyholders who have completed the Company's web/teleconference registration process will be able to attend the Meeting via web/teleconference. Non-registered Shareholders who have appointed themselves as proxyholder through their intermediary will also be able to attend the Meeting via web/teleconference. Non-registered Shareholders who have not duly appointed themselves as proxyholder will not be permitted to attend the Meeting. This procedure is in place to ensure that the Company and its transfer agent can verify the identity of attending Shareholders. The Company and its transfer agent do not have a full record of the Company's non-registered Shareholders and, as a result, may have no knowledge of their shareholdings or entitlement to vote unless they appoint themselves as proxyholder. Please refer to the "Appointment of Proxy" and "Advice to Non-Registered Shareholders" sections of the Circular (as defined herein) for additional information.

### **WEB/TELECONFERENCE REGISTRATION PROCESS**

Advance registration for the Meeting is required by emailing the following information to the Corporate Administrator of the Company at [janet@keystonecorp.ca](mailto:janet@keystonecorp.ca):

- (a) the name of the Shareholder in which common shares of the Company are held; and
- (b) an email address and/or telephone number at which the Corporate Administrator may contact such Shareholder in order to provide the web/teleconference number, Meeting ID and passcode, or request additional information, as necessary.

The web/teleconference number will be provided only to Shareholders and proxyholders who complete the registration process.

In order to streamline the Meeting process, the Company encourages Shareholders to vote in advance of the Meeting using the form of proxy or voting instruction form provided with the Circular and submit votes no later than Tuesday, April 23, 2024, at 9:00 a.m. (Pacific Time) / 12:00 p.m. (Eastern Time), the cut-off time for the deposit of proxies prior to the Meeting, or such earlier time as may be directed in the form.

**DATED** at Vancouver, British Columbia, this 28<sup>th</sup> day of February, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS**

/s/ Dr. Luisa Moreno  
Dr. Luisa Moreno  
Chief Executive Officer and Director



**MANAGEMENT INFORMATION CIRCULAR**  
**As at February 28, 2024**

**SECTION 1 - INTRODUCTION**

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This management information circular (the “**Circular**”) accompanies the notice of annual general and special meeting (the “**Notice**”) and is furnished to the holders (the “**Shareholders**” and each, a “**Shareholder**”) of common shares (“**Shares**”) in the capital of Graphano Energy Ltd. (the “**Company**”) in connection with the solicitation by the management of the Company of proxies to be voted at the annual general and special meeting (the “**Meeting**”) of the Shareholders to be held on **Thursday, April 25, 2024, at 9.00 a.m. (Pacific Time) / 12:00 p.m. (Eastern Time)** by web/teleconference, or any adjournment thereof.

**DATE AND CURRENCY**

The information contained in this Circular is as of **February 28, 2024**. Unless otherwise stated, all amounts herein are in Canadian dollars.

**WEB/TELECONFERENCE MEETING**

The Meeting will be held by way of web/teleconference. Shareholders will have an equal opportunity to attend the Meeting regardless of geographic location.

Registered Shareholders and proxyholders who have completed the Company’s web/teleconference registration process will be able to attend the Meeting. Non-Registered Shareholders who have appointed themselves as proxyholder through their intermediary will also be permitted to attend the Meeting via web/teleconference. Non-registered Shareholders who have not duly appointed themselves as proxyholder will not be permitted to attend the Meeting. This procedure is in place to ensure that the Company and its transfer agent can verify the identity of attending Shareholders. The Company and its transfer agent do not have a full record of the Company’s non-registered Shareholders and, as a result, may have no knowledge of a person’s shareholdings or entitlement to vote unless they appoint themselves as proxyholder. See “*Section 2 – Proxies and Voting Rights – Appointment of Proxy*” and “*Section 2 – Proxies and Voting Rights – Advice to Non-Registered Shareholders*”.

**Advance registration for the Meeting is required by emailing the following information to the Corporate Administrator of the Company at [janet@keystonecorp.ca](mailto:janet@keystonecorp.ca):**

- (a) the name of the Shareholder in which Shares are held; and**
- (b) an email address and/or telephone number at which a Company representative may contact such Shareholder in order to provide the teleconference number, Meeting ID and passcode, or request additional information, as necessary.**

**The web/teleconference details will be provided only to Shareholders and proxyholders who complete the advance registration process.**

**NOTICE-AND-ACCESS**

The Company has chosen to deliver the Notice of Meeting of its Shareholders and this Circular (the “**Proxy Materials**”) using Notice-and-Access provisions, which govern the delivery of proxy-related materials to Shareholders utilizing the internet. Notice-and-Access provisions are found in section 9.1.1 of National Instrument

51-102 – Continuous Disclosure Obligations (“**NI 51-102**”) for delivery to registered Shareholders and in section 2.7.1 of National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer (“**NI 54-101**”) for delivery to beneficial Shareholders (together, “**Notice-and-Access Provisions**”).

Notice-and-Access Provisions allow the Company to choose to deliver Proxy Materials to Shareholders by posting them on a non-SEDAR+ website (usually the reporting issuer’s website or the website of their transfer agent), provided that the conditions of NI 51-102 and NI 54-101 are met, rather than by printing and mailing the Proxy Materials.

Use of Notice-and-Access Provisions reduces paper waste and the Company’s printing and mailing costs. Under Notice-and-Access Provisions the Company must send a Notice-and-Access Notice and form of proxy to each Shareholder, including registered and beneficial Shareholders, indicating that the Proxy Materials have been posted and explaining how a Shareholder can access them or obtain a paper copy of the Proxy Materials, including this Circular, from the Company. This Circular has been posted in full, together with the Notice of Annual General and Special Meeting, the form of proxy, and the Financial Statements Request Form, on the Company’s website at <https://graphano.com/investors/information-circular/> and on the System for Electronic Document Analysis and Retrieval+ (“**SEDAR+**”) online at [www.sedarplus.ca](http://www.sedarplus.ca) under the Company’s profile.

The Circular contains details of matters to be considered at the Meeting. **Please review the Circular before voting.**

### **How to Obtain Paper Copies of the Circular**

Shareholders may request additional information relating to Notice-and-Access Provisions or a paper copy of the Circular be mailed to them at no cost by contacting the Company’s Corporate Secretary, via email to [janet@keystonecorp.ca](mailto:janet@keystonecorp.ca) or by telephone at 604-612-2111.

If you request a paper copy of the Proxy Materials, you will not receive a new form of proxy or Voting Instruction Form (“**VIF**”). Therefore, you should keep the original form sent to you in order to vote your Shares.

To allow adequate time for a Shareholder to receive and review a paper copy of the Circular and then to submit their vote by **9:00 a.m. (Pacific Time) / 12:00 p.m. (Eastern Time)** on Tuesday, April 23, 2024, a Shareholder requesting a paper copy of the Circular as described above, should ensure such request is received by the Company’s Corporate Secretary, no later than 5:00 p.m. (Pacific Time) on Monday, April 15, 2024. Under Notice and-Access Provisions, Proxy Materials must be available for viewing for one year from the date of posting and a paper copy of the Proxy Materials can be requested at any time during this period. To obtain a paper copy of the Circular after the Meeting date, please contact the Company.

The Notice-and-Access Notice is being provided to Shareholders by the Company, along with the applicable voting document: a form of proxy in the case of registered Shareholders, or a VIF in the case of beneficial (non-registered) holders. Shareholders with existing instructions on their account to receive printed materials will receive a printed copy of the Proxy Materials.

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## **SECTION 2 – PROXIES AND VOTING RIGHTS**

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### **MANAGEMENT SOLICITATION**

The solicitation of proxies by the management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining from their principals’ authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out-of-pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Circular shall not create, under any

circumstances, any implication that there has been no change in the information set forth herein since the date of this Circular. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

#### **APPOINTMENT OF PROXY**

The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder's behalf in accordance with the instructions given by the Shareholder in the proxy. The persons whose names are printed on the enclosed form of proxy are officers and/or directors of the Company (the "**Management Proxyholders**").

**A Shareholder has the right to appoint a person or company to attend and act for or on behalf of that Shareholder at the Meeting, other than the Management Proxyholders named in the enclosed form of proxy. A proxyholder need not be a Shareholder.**

**To exercise the right, the Shareholder may do so by striking out the printed names and inserting the name of such other person and, if desired, an alternate to such person, in the blank space provided in the form of proxy. Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instruction to the nominee on how the Shareholder's Shares should be voted. The nominee should bring personal identification to the Meeting.**

Those Shareholders desiring to be represented at the Meeting by proxy must deposit their respective forms of proxy with the Company's registrar and transfer agent, Odyssey Trust Company by: (a) mail addressed to Odyssey Trust Company, Suite 350, 409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2, Attention: Proxy Department; (b) Odyssey Trust Company, Suite 350, 409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2; (c) by facsimile to 800-517-4553; or (d) electronically by following the instructions in the form of proxy. If you vote through the internet, you may also appoint another person to be your proxyholder. Please go to <http://login.odysseytrust.com/pxlogin> and follow the instructions. You will require your 12-digit control number found on your form of proxy.

#### **VOTING BY PROXY AND EXERCISE OF DISCRETION BY MANAGEMENT PROXYHOLDERS**

**Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

**If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** As of the date of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

#### **NON-REGISTERED HOLDERS**

**Only Shareholders whose names appear on the records of the Company as the registered holders of Shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most Shareholders of the Company are "non-registered" Shareholders because the Shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the Shares; bank, trust company, trustee or administrator of self-administered RRSPs, RRIFs, RESPs and similar plans; or clearing agency such as the Canadian Depository for Securities Limited (a "**Nominee**"). If you purchased your Shares through a broker or otherwise deposited your Shares with your broker, you are likely a non-registered holder.

In accordance with relevant securities laws and regulations, the Company has distributed copies of the form of proxy to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order to ensure that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the proxy form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as “non-objecting beneficial owners” (“**NOBOs**”). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as “objecting beneficial owners” (“**OBOs**”). Hereinafter, NOBOS and OBOs will collectively be referred to as “**Non-Registered Shareholders**”.

#### **ADVICE TO NON-REGISTERED SHAREHOLDERS**

**The information in this section is of significant importance to many Shareholders, as a substantial number do not hold their Shares in their own name.** Non-Registered Shareholders are advised that only proxies from Shareholders of record can be recognized and voted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder’s name on the records of the Company. Such 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 Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms).

Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Non-Registered Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Shares for their clients. The directors and officers of the Company do not know for whose benefit the Shares registered in the name of CDS & Co. are held, and directors and officers of the Company do not necessarily know for whose benefit the Shares registered in the name of any broker or agent are held. Non-Registered Shareholders who complete and return a form of proxy must indicate thereon the person (usually a brokerage house) who holds their Shares as a registered Shareholder.

Applicable regulatory policy requires brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of Shareholders’ meetings. Every broker and other intermediary has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The form of proxy supplied by brokers and other intermediaries to Non-Registered Shareholders may be very similar and, in some cases, identical to that provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Non-Registered Shareholder.

In Canada, the vast majority of brokers now delegate 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 Non-Registered Shareholders and asks Non-Registered 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 shares to be represented at the Meeting. **A Non-Registered Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Shares voted.**

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Shares in that capacity. **Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or**

the broker's agent) in accordance with the instructions provided by such broker.

**Non-Registered Shareholders should contact their broker or other intermediary through which they hold Shares if they have any questions regarding the voting of such Shares.**

#### **REVOCATION OF PROXIES**

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing (or if the Shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized), deposited at Odyssey Trust Company, registrar and transfer agent for the Shares, by (a) mail addressed to Odyssey Trust Company, Suite 350, 409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2, Attention: Proxy Department; (b) Odyssey Trust Company, Suite 350, 409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2; (c) by facsimile to 800-517-4553, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays in British Columbia) before the Meeting, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

**The Company may refuse to recognize any instrument of proxy deposited in writing or by the internet received later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in British Columbia) prior to the Meeting or any adjournment thereof.**

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### **SECTION 3 - VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

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#### **RECORD DATE**

The board of directors of the Company (the "**Board**") has fixed Wednesday, February 28, 2024, as the record date (the "**Record Date**") for determination of persons entitled to receive Notice of Meeting. The Company will prepare or cause to be prepared a list of the Shareholders recorded as holders of Shares on its register of Shareholders as of the close of business on the Record Date, each of whom shall be entitled to vote the Shares shown opposite their name on the list at the Meeting or any adjournment thereof, except to the extent that: (a) any such Shareholder has transferred ownership of any of their Shares subsequent to the Record Date; and (b) the transferee produces properly endorsed share certificates evidencing the transfer or otherwise establishes that the transferee owns the transferred Shares and demands, not later than ten (10) days before the Meeting, that they be included on the list of Shareholders entitled to vote at the Meeting, in which case the transferee, instead of the transferor, will be entitled to vote the transferred Shares at the Meeting or any adjournment thereof.

In addition, persons who are Non-Registered Shareholders as at the Record Date will be entitled to exercise their voting rights in accordance with the procedures established under NI 54-101. See "*Section 2 – Proxies and Voting Rights – Advice to Non-Registered Shareholders*."

#### **VOTING RIGHTS**

The Company is authorized to issue an unlimited number of (i) Common shares without par value and without special rights or restrictions attached ("**Shares**"). As at the Record Date, there were 17,088,268 Shares issued and outstanding and no Preferred Shares were issued and outstanding. Each Shareholder is entitled to one vote for each Share registered in his or her name. Other than as described in this Circular, no group of Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Shares.

#### **PRINCIPAL HOLDERS OF SHARES**

To the knowledge of the directors and executive officers of the Company, no holder beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company as at the Record Date.



## QUORUM

Pursuant to the Company's Articles, subject to the special rights and restrictions attached to the shares of any affected class or series of shares, the quorum for the transaction of business at a meeting of Shareholders is one or more persons present and being, or representing by proxy two or more Shareholders entitled to attend and vote at the meeting.

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## SECTION 4 – PARTICULARS OF MATTERS TO BE ACTED UPON

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**MANAGEMENT OF THE COMPANY KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THOSE REFERRED TO IN THE NOTICE OF MEETING. HOWEVER, IF ANY OTHER MATTERS THAT ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE ON SUCH MATTERS IN ACCORDANCE WITH THEIR BEST JUDGMENT.**

Additional detail regarding each of the matters to be acted upon at the Meeting is set forth below.

### 1. FINANCIAL STATEMENTS

The audited financial statements of the Company for the financial years ended financial years ended July 31, 2023, July 31, 2022, and July 31, 2021 (the "**Financial Statements**"), together with the notes thereto and the auditor's reports thereon, will be presented to Shareholders at the Meeting. The Financial Statements are available on the System for Electronic Document Analysis and Retrieval+ ("**SEDAR+**") online at [www.sedarplus.ca](http://www.sedarplus.ca) under the Company's profile.

Copies of the Financial Statements will be available at the Meeting and may also be obtained by a Shareholder upon request without charge from the Company, c/o Keystone Corporate Services Inc., Suite 214, 257 12<sup>th</sup> Street East, North Vancouver, British Columbia, V7L 2J8 or via email to [janet@keystonecorp.ca](mailto:janet@keystonecorp.ca).

Management will review the Company's financial results at the Meeting and Shareholders and proxyholders will be given an opportunity to discuss these results with management. **Shareholder approval is not required and no formal action will be taken at the Meeting to approve the Financial Statements.**

### 2. FIXING THE NUMBER OF DIRECTORS

The Company's constating documents stipulate there shall be not less than three directors. The Board is currently composed of five (5) directors and five (5) directors are proposed for the ensuing year. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve an ordinary resolution, the text of which is as follows:

**"BE IT RESOLVED** as an ordinary resolution of Shareholders that the number of directors to be elected at the Meeting, to hold office until the close of the next annual meeting of Shareholders or until their successors are duly elected or appointed pursuant to the constating documents of the Company, unless their offices are earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) or the Company's constating documents, be and is hereby fixed at five (5)."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting.

**Management believes the passing of the above resolution is in the best interests of the Company and recommends Shareholders vote in favour of the ordinary resolutions fixing the number of directors to be elected at the Meeting as set out above. Unless directed to the contrary, it is the intention of the Management Proxyholders named in the enclosed instrument of proxy to vote proxies FOR fixing the number of directors of the Company at five (5).**

### 3. ELECTION OF DIRECTORS

The directors of the Company are elected at each annual meeting and hold office until the next annual meeting, or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal.

Name and Province/ Country of Residence and Present Office Held	Principal Occupation, Business or Employment for Last Five Years <sup>(1)</sup>	Periods During Which Nominee has Served as a Director	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
<p><b>Dr. Luisa Moreno</b>  <i>Ontario, Canada</i>  <b>Chief Executive Officer and Director</b></p>	<p>Managing Partner, Tahuti Global Inc. since 2017; Director, Manganese X Energy Corp. (2017 – present); Director, Amex Exploration Inc. (2021 – present); Director, Defense Metals Corp. (2021 – present); President, Defense Metals Corp. (2022 – present); Director and Chief Operating Officer, Edison Lithium Corp. (2021 – present); Director, Tantelex Lithium Resources Corporation (2016 – present); Director, Ampower Corp. (2021 – present); Director, Gratomic Inc. (formerly CKR Carbon Corporation) (2016 – 2018); Director, Quinto Resources Inc. (2017 – 2018).</p>	<p>October 5, 2020 – present</p>	<p>33,846</p>
<p><b>James (Jay) Richardson</b>  <i>Ontario, Canada</i>  <b>Chief Financial Officer and Director</b></p>	<p>Chartered Professional Accountant with 40 years of experience in financial management.</p> <p>Director, NurExone Biologic Inc. (formerly EnerSpar Corp.) (2011 – present); Director, BacTech Environmental Corp. (2018 – present); Chief Financial Officer, Director, Manganese X Energy Corp. (2020 – present); Chief Financial Officer and Director, Edison Lithium Corp. (2021 – present); Director, Waterways Technologies Inc. (2023 – present); Managing Partner, James A Richardson and Partner, Company Doctors (1993 – present).</p>	<p>October 5, 2020 – present</p>	<p>63,750</p>
<p><b>Nathan Rotstein</b> <sup>(2)</sup>  <i>Ontario, Canada</i>  <b>Director</b></p>	<p>Consultant (with over 45 years of experience in the financial markets).</p> <p>Director, CEO and President, Edison Lithium Corp. (2021 – present).</p>	<p>October 5, 2020 – present</p>	<p>1,186,000</p>

<b>Name and Province/ Country of Residence and Present Office Held</b>	<b>Principal Occupation, Business or Employment for Last Five Years <sup>(1)</sup></b>	<b>Periods During Which Nominee has Served as a Director</b>	<b>Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup></b>
<b>Roger Dahn</b> <sup>(2)</sup>  <i>New Brunswick, Canada</i>  <i>Director</i>	Professional Geologist and Qualified Person (as defined by National Instrument 43-101)  Director, Edison Lithium Corp. (2021 – present); Director, Manganese X Energy Corp. (2016 – present).	March 9, 2021 – present	34,999
<b>Martin Kepman</b> <sup>(2)</sup>  <i>Quebec, Canada</i>  <i>Director</i>	CEO and president of Martin Kepman and Associates Inc. a business development and management consulting firm since 1982.  Director, Manganese X Energy Corp. (2016 – present).	March 9, 2021 – present	5,480

NOTES:

(1) The information in the table above as to principal occupation, business or employment and as to common shares beneficially owned or controlled is not necessarily within the knowledge of management of the Company and has been furnished by the respective nominees.

(2) Member of the Audit Committee of the Company

## **Biographies**

### **Dr. Luisa Moreno**

Dr. Luisa Moreno is a Physics Engineer with a Ph.D. in Materials Science and Mechanics from Imperial College London, in the United Kingdom. She has almost two decades of experience in Finance, Business Development and Technical Research, with a focus on Technology, and Mining and Metals industries. Currently, she is the Managing Director of Tahuti Global Inc., a consulting firm in the area of natural resources, servicing regional and foreign government institutions in matters related to policy, regulations, funding and strategies for the mineral sector and related industries. As a strategic consultant she assists companies and institutional investors with economic and technical assessments of mineral assets and technologies. She works closely with Canadian and foreign governments on strategies and policies to attract local and foreign investments to the mining sector and supply chains and she serves on the board of directors of several junior mining companies, where she is actively involved in project development strategies, asset evaluation and negotiation, financing and securing offtake agreements. Dr. Moreno is a recognized minerals specialist and a common guest speaker on television and at international conferences. She is often quoted in national and international newspapers and articles.

### **Jay Richardson**

Jay Richardson is the current CFO of the Company and is a Canadian Chartered Accountant (1970), a Singapore Certified Public Accountant (1986) and a Fellow of the Insolvency Practitioners' Association of the United Kingdom. He has over 40 years of experience in financial management having practiced as a Partner of Clarkson Gordon Arthur Young (now Ernst & Young, Canada and Singapore) and a Partner of KPMG (UK) prior to establishing his own practice as a company doctor in Toronto in 1993. He has served as the CEO, CFO or Chairman of listed public companies on numerous occasions and in many other CFO and private company situations. He has extensive public company governance experience from over a dozen board memberships including serving as Interim Chairman of the Argus Corporation. In his very extensive charitable and community activities he is most commonly associated with the visual arts, having served, among others, as the Chair of the Royal Canadian Academy Foundation, the Weir Foundation, the Radlett Foundation and sits on the Board of the Gardiner Museum.

## **Nathan Rotstein**

Nathan Rotstein has over 45 years of experience in the financial markets. He has consulted with numerous companies in the energy metals sectors including but not limited to cobalt, manganese, graphite and lithium. Mr. Rotstein also has an extensive global network comprising of international funds and high net worth individuals.

## **Roger Dahn**

Roger Dahn is a registered professional geologist and Qualified Person (as defined by National Instrument 43-101) with over 40 years of experience in the mining and exploration industry. He has been involved with a number of base metal and gold discoveries which advanced to development stage and production. His extensive mineral exploration experience covers both Canadian and international settings. His experience includes over 16 years with Noranda Inc. and Hemlo Gold Mines Inc., Exploration Manager-Eastern Canada for Battle Mountain Gold Company and Vice President of Exploration with Olympus Pacific Minerals Inc. and Tri-Star Resources plc. In addition to serving as Director of the Company, he is presently also serving as Director of Edison Lithium Corp. and Director of Graphano Energy Ltd.

## **Martin Kepman**

Martin Kepman has been the CEO of the Company since 2016 and also is the President of Martin Kepman and Associates Inc, founded in 1982. His company is a business development and management consulting firm. Martin, in his 41 years of consulting experience, has consulted on a wide range of projects, in multiple industries ranging from software, soft goods, printing, food to mining. Martin is highly skilled at planning, organization as well as assisting Corporations in financing. He has successfully implemented a variety of installations for a significant number of major corporations and because of his practical approach, has been recognized as an expert in identifying the strengths and weaknesses of Corporations for strategic business plans; he is also recognized within various industries as a successful specialist in turnarounds. Martin has brought innovative projects to fruition, while assembling key people to minimize risk, thus resulting in maximizing return on investment.

### *Cease Trade Orders, Bankruptcies, Penalties and Sanctions*

Other than as set out below, to the knowledge of the management of the Company, no proposed nominee for election as a director of the Company:

- (a) is, at the date of this Circular, or has been within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,
  - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is, at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Company) 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,
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings,

arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director, or

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

Mr. Richardson, in his capacity as a Company Doctor, accepted the appointments as Chief Executive Officer and Chair of Great Lakes Graphite Corp ("GLK") in September and December 2019 to assist in trying to reorganize the corporation when GLK had already been ordered Cease Traded. A Proposal has been accepted by the creditors of the corporation and has received Court Approval.

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

**A Shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. Management recommends Shareholders vote in favour of the election of each of the nominees listed above for election as directors of the Company for the ensuing year. Unless directed to the contrary, it is the intention of the Management Proxyholders named in the enclosed instrument of proxy to vote proxies FOR each of the nominees.**

#### 4. APPOINTMENT OF AUDITOR

Shareholders will be asked to vote for the re-appointment of Wasserman Ramsay, Chartered Professional Accountants, located at Suite 1008, 3601 Hwy 7 East, Markham, Ontario, L3R 0M3, as auditor of the Company to hold office until the next annual meeting of Shareholders, or until a successor is appointed, and to authorize the directors of the Company to fix the remuneration of the auditor.

Wasserman Ramsay, Chartered Professional Accountants, has served as the Company's external auditor since March 9, 2021.

**Management recommends Shareholders vote in favour of the re-appointment of Wasserman Ramsay, Chartered Professional Accountants, as auditor of the Company for the ensuing year and authorize the Board to fix the auditor's remuneration. Unless directed to the contrary, it is the intention of the Management Proxyholders named in the enclosed instrument of proxy to vote proxies FOR the appointment of Wasserman Ramsay, Chartered Professional Accountants, as auditor of the Company until the close of its next annual meeting and to authorize the Board to fix the remuneration to be paid to the auditor.**

#### 5. SECURITY-BASED COMPENSATION PLAN

The Company established a stock option plan under which directors, officers, employees and consultants of the Company may be granted options to acquire Shares. TSX Venture Exchange (the "Exchange") policies respecting the granting of stock options requires that all companies listed on the Exchange implement a stock option plan and that any "rolling" stock option plan must receive Shareholder approval on an annual basis.

The Company's existing stock option plan is a "rolling" stock option plan, whereby the aggregate number of Shares reserved for issuance shall not exceed ten (10%) percent of the total number of issued Shares (calculated on a non-diluted basis) at the time an option is granted. The stock option plan was last approved by shareholders at a Special Meeting of Shareholders held April 12, 2021, in connection with the spin out of the Company pursuant to a plan of arrangement with its then parent company.

On November 24, 2021, the Exchange updated its policy concerning security-based compensation (the "Security-Based Compensation Policy") and advised that any outstanding security-based compensation plan that does not comply with the Security-Based Compensation Policy will need to be amended to comply with the Security-Based Compensation Policy the next time it is placed before a company's shareholders for approval. In connection with the

changes required by the Security-Based Compensation Policy, the Board, subject to approval of Shareholders and acceptance by the Exchange, has adopted a new omnibus equity incentive plan, dated for reference February 7, 2024 (the “**Security-Based Compensation Plan**”) in order to ensure the new Security-Based Compensation Plan of the Company is in compliance with the Security-Based Compensation Policy. The proposed Security Based Compensation Plan is subject to Exchange acceptable and if the Exchange finds the disclosure to be inadequate, that Shareholder approval may not be accepted by the Exchange.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the adoption of the new Security-Based Compensation Plan.

#### *Purpose*

The purposes of the Security-Based Compensation Plan are to: (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants, (ii) align the interests of Participants (as defined in the Security-Based Compensation Plan) with that of other shareholders of the Company generally, and (iii) enable and encourage Participants to participate in the long-term growth of the Company through the acquisition of Common Shares as long-term investments.

#### *Administration of the Plan*

The Security-Based Compensation Plan is administered by the Board or, from time to time, a committee thereof, and provides that the Board may from time to time, in its discretion, and in accordance with TSXV requirements, grant to eligible Participants, non-transferable awards (the “**Awards**”). Such Awards include options (“**Options**”), restricted share units (“**RSUs**”), share appreciation rights (“**SARs**”), deferred share units (“**DSUs**”) and performance share units (“**PSUs**”), all Awards except Options, the “**Non-Option Awards**”.

#### *Maximum Number of Shares Available for Awards*

The number of Common Shares reserved for issuance pursuant to Options granted under the Security-Based Compensation Plan will not, in the aggregate, exceed 10% of the then outstanding Common Shares at the time of grant. In addition, the maximum number of Common Shares issuable pursuant to SARs, RSUs, DSUs and PSUs issued under the Security-Based Compensation Plan shall not exceed a fixed number determined in accordance with the policies of the TSXV.

The maximum number of Common Shares for which Awards may be issued to any one Participant (as defined in the Security-Based Compensation Plan) in any 12-month period shall not exceed 5% of the outstanding Common Shares, unless disinterested shareholder approval as required by the policies of the TSXV is obtained, or 2% in the case of a grant of Awards to any consultant or persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the TSXV). No awards other than Options may be issued to any consultants or persons retained to provide Investor Relations Activities. Further, unless disinterested shareholder approval as required by the policies of the TSXV is obtained: (i) the maximum number of Common Shares for which Awards may be issued to insiders of the Company (as a group) at any point in time shall not exceed 10% of the outstanding Common Shares; and (ii) the aggregate number of Awards granted to insiders of the Company (as a group), within any 12-month period, shall not exceed 10% of the outstanding Common Shares.

#### *Eligibility*

Awards under the Security-Based Compensation Plan will be granted only to bona fide employees, officers, non-employee directors and consultants of the Company. The extent to which any such individual is entitled to receive a grant of an Award pursuant to the Security-Based Compensation Plan will be determined in the discretion of the Board.

#### *Types of Awards*

The following is a summary of the various types of Awards issuable under the Security-Based Compensation Plan.

### *Options*

Subject to any requirements of the TSXV, the Board may determine the expiry date of each Option. Subject to a limited extension if an Option expires during a Black Out Period (as defined in the Security-Based Compensation Plan), Options may be exercised for a period of up to ten years after the grant date, provided that: (i) upon a Participant's termination for Cause (as defined in the Security-Based Compensation Plan), all Options, whether vested or not as at the Termination Date (as defined in the Security-Based Compensation Plan) will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested Options as at the Termination Date shall automatically and immediately vest, and all vested Options will continue to be subject to the Security-Based Compensation Plan and be exercisable for a period of 90 days after the Termination Date; (iii) in the case of the Disability (as defined in the Security-Based Compensation Plan) of a Participant, all Options shall remain and continue to vest (and are exercisable) in accordance with the terms of the Option Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such Options, to determine whether to accelerate the vesting of such Options, cancel such Options with or without payment and determine how long, if at all, such Options may remain outstanding following the Termination Date, provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date; and (v) in all other cases where a Participant ceases to be eligible under the Security-Based Compensation Plan, including a termination without Cause or a voluntary resignation, unless otherwise determined by the Board, all unvested Options shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested Options will continue to be subject to the Security-Based Compensation Plan and be exercisable for a period of 90 days after the Termination Date.

The exercise price and vesting terms of the Options will be determined by the Board at the time an Option is granted, provided that in no event will such exercise price be lower than the last closing price of the Common Shares on the TSXV less any discount permitted by the rules or policies of the TSXV at the time the Option is granted.

The Security-Based Compensation Plan permits Participants (with the exception of Investor Relations Service Providers) to elect to undertake a "cashless exercise" of the Options granted to them, pursuant to which the Common Shares otherwise deliverable upon the exercise of the Option may be sold for an amount equal to the exercise price of the Option. In addition, Participants (with the exception of Investor Relations Service Providers) may elect to undertake a "net exercise" procedure of their then-vested and exercisable Options, whereby the Participant shall be entitled to receive such number of Common Shares (rounded down to the nearest whole number) obtained pursuant to formula set out in the Security-Based Compensation Plan.

### *Restricted Share Units*

Subject to any requirements of the TSXV, the Board may determine the expiry date of each RSU. Subject to a limited extension if an RSU expires during a Black Out Period, RSUs may vest and be paid out for a period of up to three years after the grant date, provided that: (i) upon a Participant's termination for Cause, all RSUs, whether vested (if not yet paid out) or not as at the Termination Date will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested RSUs as at the Termination Date shall automatically and immediately vest and be paid out; (iii) in the case of the Disability of a Participant, all RSUs shall remain and continue to vest in accordance with the terms of the Security-Based Compensation Plan for a period of 12 months after the Termination Date, provided that any RSUs that have not been vested within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such RSUs, to determine whether to accelerate the vesting of such RSUs, cancel such RSUs with or without payment and determine how long, if at all, such RSUs may remain outstanding following the Termination Date, provided, however, that in no event shall such RSUs be exercisable for more than 12 months after the Termination Date; and (v) in all other cases where a Participant ceases to be eligible under the Security-Based Compensation Plan, including a termination without Cause or a voluntary resignation, unless otherwise determined by the Board, all unvested RSUs shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested RSUs will be paid out in accordance with the Security-Based Compensation Plan.

The number of RSUs to be issued to any Participant will be determined by the Board at the time of grant. Each RSU will entitle the holder to receive at the time of vesting for each RSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition,

the Board may determine that holders of RSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares. In the event settlement is made by payment in cash, such payment shall be made by the earlier of (i) two and a half months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31 of the third year following the year of the grant date.

Subject to any vesting restrictions imposed by the TSXV, or as may otherwise be determined by the Board at the time of grant, RSUs shall vest equally over a three-year period such that one third of the RSUs shall vest on the first, second and third anniversary dates of the date that the RSUs were granted.

#### *Share Appreciate Rights*

SARs may be issued together with Options or as standalone awards. Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount representing the difference between the fair market value of the underlying Common Shares on the date of exercise over the grant price of the SAR. At the discretion of the Board, the payment upon the exercise of a SAR may be in cash, Common Shares of equivalent value, in some combination thereof, or in any other form approved by the Board in its sole discretion.

Subject to any requirements of the TSXV, the Board may determine the vesting terms and expiry date of each SAR. Subject to a limited extension if a SAR expires during a Black Out Period, SARs will not be exercisable later than the tenth anniversary date of its grant.

Subject to compliance with the rules of the TSXV, the Board may determine, at the time of grant, the treatment of SARs upon a Participant ceasing to be eligible to participate in the Security-Based Compensation Plan.

#### *Deferred Share Units*

The number and terms of DSUs to be issued to any Participant will be determined by the Board at the time of grant. Each DSU will entitle the holder to receive at the time of settlement for each DSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of DSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares.

Subject to any requirements of the TSXV, the Board may determine the vesting terms and expiry date of each DSU, provided that if a DSU would otherwise settle or expire during a Black Out Period, the Board may extend such date.

Subject to compliance with the rules of the TSXV, the Board may determine, at the time of grant, the treatment of DSUs upon a Participant ceasing to be eligible to participate in the Security-Based Compensation Plan.

#### *Performance Share Units*

The number and terms (including applicable performance criteria) of PSUs to be issued to any Participant will be determined by the Board at the time of grant. Each PSU will entitle the holder to receive at the time of settlement for each PSU held, either one Common Share or a cash payment equal to the fair market value of a Common Share or a combination of the two, at the election of the Board. In addition, the Board may determine that holders of PSUs be credited with consideration equivalent to dividends declared by the Board and paid on outstanding Common Shares.

Subject to any requirements of the TSXV, the Board may determine the vesting terms and expiry date of each PSU, provided that in no event will delivery of Common Shares or payment of any cash amounts be made later than the earlier of (i) two and a half months after the close of the year in which the performance conditions or restrictions are satisfied or lapse, and (ii) December 31 of the third year following the year of the grant date.

Subject to compliance with the rules of the TSXV, the Board may determine, at the time of grant, the treatment of PSUs upon a Participant ceasing to be eligible to participate in the Security-Based Compensation Plan.

#### *Termination and Change of Control Provisions*

On a Change of Control (as defined below and in the Security-Based Compensation Plan) of the Company, the Board shall have discretion as to the treatment of outstanding Awards, including whether to: (i) accelerate, conditionally or



otherwise, on such terms as it sees fit, the vesting date of any Awards (provided that no acceleration of Awards shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the TSXV is either obtained or not required); (ii) permit the conditional redemption or exercise of any Awards, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Awards; and/or (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Awards not exercised or redeemed prior to the successful completion of such Change of Control.

The Security-Based Compensation Plan defines a “Change of Control” as 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 as a result of which the holders of Common Shares prior to the completion of the transaction hold or beneficially own, directly or indirectly, less than 50% of the outstanding voting securities 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 all or substantially all of the assets of the Company and/or any of its subsidiaries to any other Person, other than disposition to a wholly-owned subsidiary 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) an acquisition by any Person or group of Persons acting jointly or in concert of beneficial ownership of more than 50% of the Common Shares; or
- (e) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

A full copy of the new Security-Based Compensation Plan is attached hereto as Appendix “A” and will be available at the Meeting for review by Shareholders. Shareholders may also obtain copies of the new Security-Based Compensation Plan from the Company prior to the Meeting on written request. See also “*Section 5- Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans*” and “*Section 8 – Other Information - Securities Authorized for Issuance Under Equity Compensation Plans.*”

### ***Shareholder Approval***

At the Meeting, Shareholders will be asked to consider and vote on an ordinary resolution to ratify, confirm and approve the new Security-Based Compensation Plan (the “**Security-Based Compensation Plan Resolution**”), with or without variation, as follows:

#### **“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT**

1. the new omnibus equity incentive plan of the Company (the “**Security-Based Compensation Plan**”) approved by the Board on February 7, 2024, substantially in the form attached to the management information circular of the Company dated February 28, 2024, is hereby approved;
2. the Company is hereby authorized to issue options under the Security-Based Compensation Plan to acquire up to 10% of the then issued and outstanding common shares in the capital of the Company at the time of grant (the “**Common Shares**”) and, in addition, a maximum number of Common Shares issuable pursuant to SARs, RSUs, DSUs and PSUs (as such terms are defined in the Security-Based Compensation Plan) issued under the Security-Based Compensation Plan which shall not exceed a fixed number determined in accordance with the policies of the TSX Venture Exchange (the “**TSXV**”);
3. the Board is hereby authorized to make any changes to the Security-Based Compensation Plan as may be required by the TSXV; and
4. any one director or officer of the Company is hereby authorized, for and on behalf, of the Company, to execute or cause to be executed, and to deliver or cause to be delivered, all such documents and filings, and

to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of these resolutions, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting.

**Management of the Company has reviewed the new Security-Based Compensation Plan Resolution, concluded that it is fair and reasonable to the Shareholders and in the best interest of the Company, and recommends Shareholders vote in favour of ratifying, confirming and approving the new Security-Based Compensation Plan. Unless directed to the contrary, it is the intention of the Management Proxyholders named in the enclosed instrument of proxy to vote proxies FOR the new Security-Based Compensation Plan Resolution.**

#### 6. OTHER BUSINESS

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof. Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting the common shares represented by the proxies solicited hereby will be voted on such matter in accordance with the best judgement of the persons voting by proxy.

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### SECTION 5 – STATEMENT OF EXECUTIVE COMPENSATION

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#### Objective:

The objective of this disclosure is to communicate the compensation the Company 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. This disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Company and will help investors understand how decisions about executive compensation are made.

#### Definitions:

For the purpose of this Statement of Executive Compensation, in this form:

- (a) **“Company”** means Graphano Energy Ltd.;
- (b) **“company”** includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;
- (c) **“compensation securities”** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;
- (d) **“named executive officer”** or **“NEO”** means each of the following individuals:
  - (i) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (**“CEO”**), including an individual performing functions similar to a CEO;
  - (ii) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer (**“CFO”**), including an individual performing functions similar to a CFO;

- (iii) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year;
- (iv) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;
- (e) “**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons.
- (f) “**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

## DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

During the financial year ended July 31, 2023, based on the definition above, the NEOs of the Company were (a) Dr. Luisa Moreno, who has served as CEO of the Company since March 9, 2021 and (b) Jay Richardson, who has served as CFO of the Company since March 9, 2021. Individuals serving as directors of the Company who were not NEOs during the financial year ended July 31, 2023 were (a) Nathan Rotstein; (b) Roger Dahn; and (c) Martin Kepman.

### Director and NEO compensation, excluding compensation securities

The following table sets forth all compensation, excluding options and compensation securities, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, for the two most recently completed financial years, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company.

Table of Compensation Excluding Compensation Securities							
Name and position	Year Ended July 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Dr. Luisa Moreno</b> <sup>(1)</sup> CEO and Director	2023	90,000	Nil	Nil	Nil	Nil	90,000
	2022	90,000	Nil	Nil	Nil	Nil	90,000
	2021	90,000	Nil	Nil	Nil	Nil	90,000
<b>James Richardson</b> <sup>(2)</sup> CFO and Director	2023	72,000	Nil	Nil	Nil	Nil	72,000
	2022	72,000	Nil	Nil	Nil	Nil	72,000
	2021	60,000	Nil	Nil	Nil	Nil	60,000
<b>Nathan Rotstein</b> <sup>(3) (6)</sup> Director	2023	72,000	Nil	Nil	Nil	Nil	72,000
	2022	72,000	Nil	Nil	Nil	Nil	72,000
	2021	60,000	Nil	Nil	Nil	Nil	60,000
<b>Roger Dahn</b> <sup>(4) (6)</sup> Director	2023	24,000	Nil	Nil	Nil	Nil	24,000
	2022	24,000	Nil	Nil	Nil	Nil	24,000
	2021	10,000	Nil	Nil	Nil	Nil	10,000
<b>Martin Kepman</b> <sup>(5) (6)</sup> Director	2023	24,000	Nil	Nil	Nil	Nil	24,000
	2022	24,000	Nil	Nil	Nil	Nil	24,000
	2021	10,000	Nil	Nil	Nil	Nil	10,000

#### NOTES:

- (1) Dr. Luisa Moreno was appointed Director of the Company on October 5 2020. She was appointed as CEO of the Company on March 9, 2021.
- (2) James Richardson was appointed Director of the Company on October 5, 2020. He was appointed as CFO of the Company on March 9, 2021.

- (3) Nathan Rotstein was appointed Director of the Company on October 5, 2020.
- (4) Roger Dahn was appointed Director of the Company on March 9, 2021.
- (5) Martin Kepman was appointed Director of the Company on March 9, 2021.
- (6) Member of the Audit Committee.

## **STOCK OPTIONS AND OTHER COMPENSATION SECURITIES**

No compensation securities were granted or issued to any NEO or director by the Company or any of its subsidiaries during the financial year ended July 31, 2023, for services provided or to be provided, directly or indirectly, to the Company or any subsidiary thereof.

At as July 31, 2023, the total number of compensation securities and underlying securities held by each NEO or director was as follows:

- (a) Dr. Luisa Moreno held 300,000 fully vested stock options (300,000 underlying common shares) each exercisable at \$0.50 with an expiry date of November 11, 2026.
- (b) James Richardson held 250,000 fully vested stock options (250,000 underlying common shares) each exercisable at \$0.50 with an expiry date of November 11, 2026.
- (c) Nathan Rotstein held 250,000 fully vested stock options (250,000 underlying common shares) each exercisable at \$0.50 with an expiry date of November 11, 2026.
- (d) Roger Dahn held 250,000 fully vested stock options (250,000 underlying common shares) each exercisable at \$0.50 with an expiry date of November 11, 2026.
- (e) Martin Kepman held 250,000 fully vested stock options (250,000 underlying common shares) each exercisable at \$0.50 with an expiry date of November 11, 2026.

## **Exercise of Compensation Securities by Directors and NEOs**

There were no compensation securities exercised by a director or NEO of the Company during the financial year ended July 31, 2023.

## **Stock Option Plans and Other Incentive Plans**

The Company's stock option plan (the "**Stock Option Plan**") is the only equity compensation plan the Company currently has in place. It was established to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, consultants and employees, to reward such directors, consultants and employees (collectively, the "**Service Providers**") as may be awarded stock options under the Stock Option Plan from time to time for their contributions toward the long-term goals of the Company, and to enable and encourage such directors, consultants, and employees to acquire common shares as long-term investments.

The Stock Option Plan provides that the Board may, from time to time, in its discretion, grant to directors, officers, consultants, and employees of the Company and its subsidiaries or affiliates, options to purchase common shares in the capital of the Company. The Stock Option Plan is a "rolling" stock option plan, whereby the aggregate number of common shares reserved for issuance, together with any other common shares reserved for issuance under any other plan or agreement of the Company, shall not exceed ten (10%) percent of the total number of issued common shares (calculated on a non-diluted basis) at the time an option is granted.

The stock option plan of the Company was last approved by shareholders at a Special Meeting of Shareholders held April 12, 2021, in connection with the spin out of the Company pursuant to a plan of arrangement with its then parent company.

On November 24, 2021, the Exchange updated its policy concerning security-based compensation (the "**Security-Based Compensation Policy**") and advised that any outstanding security-based compensation plan that does not comply with the Security-Based Compensation Policy will need to be amended to comply with the Security-Based Compensation Policy the next time it is placed before a company's shareholders for approval. In connection with the changes required by the Security-Based Compensation Policy, the Board, subject to approval of Shareholders and acceptance by the Exchange, has adopted a new omnibus equity incentive plan, dated for reference March 22, 2023 (the "**Security-Based Compensation Plan**") in order to ensure the new Security-Based Compensation Plan of the Company is in compliance with the Security-Based Compensation Policy.

See “Section 4 – Particulars of Matters to be Acted Upon – 5. Security-Based Compensation Plan” for a summary of the material terms of the new Security-Based Compensation Plan. The full text of the new Security-Based Compensation Plan is attached hereto as Appendix “A” for review by Shareholders.

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

The Company did not have any employment, consulting or management agreements or any formal arrangements with the Company’s current NEOs or directors regarding compensation during the financial year ended March 31, 2022, in respect of services provided to the Company or subsidiaries thereof.

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

Other than as disclosed herein, the Company does not have any plan or arrangement to pay or otherwise compensate any NEO if his employment is terminated as a result of resignation, retirement, change of control, or if his responsibilities change following a change of control.

The Company may terminate a consulting agreement with an NEO upon 24 months’ notice to the NEO, or payment in lieu, and the NEO may terminate the agreement upon two months’ notice to the Company.

### **Oversight and Description of Director and NEO Compensation**

The Company does not have a formal compensation program and the Board, as a whole, is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for determining all compensation of the Company’s executive officers and directors, ensuring such arrangements reflect the responsibilities and risks associated with each position. The Board assesses all compensation matters, including but not limited to (i) general compensation goals and guidelines and the criteria by which bonuses and stock compensation awards are determined; (ii) amendments to any equity compensation plans adopted by the Board and changes in the number of shares reserved for issuance thereunder; and (iii) other plans that are proposed for adoption or adopted by the Company for the provision of compensation. The general objectives of the Company’s compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long term shareholder value; (b) align management’s interests with the long term interests of shareholders; (c) provide a compensation package that is commensurate with other junior mineral exploration companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings.

The Company currently pays each director which is not also an employee or officer of the Company a director fee of \$2,000.00 per month for the provisions of director services, including meeting attendance and for any applicable committee membership(s).

### **Long Term Incentive Awards**

The Company’s long term incentive awards consist of stock options granted pursuant to the Stock Option Plan. The Board believes that granting stock options to executive officers aligns the interests of the executive officers with the Company’s shareholders by linking a component of executive compensation to the longer-term performance of the Company’s common shares. The Company emphasizes stock options in executive compensation as they allow the NEOs to share in corporate results in a manner that is relatively cost effective despite the effects of treating stock options as a non-cash compensation expense. The Board provides recommendations to the Board with respect to option grants to NEOs.

In addition to determining the number of options to be granted, the Board also makes the following determinations:

- (a) the executive officers and directors who are entitled to participate in the stock option plan;
- (b) the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the market price on the date of grant;
- (c) the date on which each option is granted;

- (d) the vesting period for each stock option; and
- (e) other material terms and conditions of each stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. Generally, once each year, or more often as may be deemed appropriate, the Board will consider and, if appropriate, approve a grant of stock options to those employees eligible for consideration for options.

### ***Pension disclosure***

The Company does not have any pension, retirement, defined benefit, defined contribution or deferred compensation plans that provides for payments or benefits to its directors and NEOs at, following, or in connection with retirement and none is proposed at this time.

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## **SECTION 6 - AUDIT COMMITTEE**

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National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

### **AUDIT COMMITTEE CHARTER**

The full text of the Company’s Audit Committee Charter is attached as Appendix “B” to this Circular.

### **COMPOSITION OF AUDIT COMMITTEE**

As at the date hereof, the Company’s audit committee is composed of Nathan Rotstein, Roger Dahn and Martin Kepman.

National Instrument 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment. All of the Company’s current audit committee members, being Nathan Rotstein, Roger Dahn and Martin Kepman are considered “independent” within the meaning of NI 52-110. The Company does meet the composition requirements of NI 52-110 as the majority of the members of its Audit Committee are not executive officers, employees or control persons of the Company or of an affiliate of the Company.

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

### **RELEVANT EDUCATION AND EXPERIENCE**

Each member of the Company’s Audit Committee has adequate education and experience that is relevant to his or her performance as an Audit Committee member and, in particular the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity

of issues that can reasonably be expected to be raised by the Company’s financial statements or experience actively supervising individuals engaged in such activities; and

- (c) an understanding of internal controls and procedures for financial reporting.

All of the Audit Committee members are senior-level businessmen with experience in financial matters. Each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavour. See “Biographies” in “*Section 4 – Particulars of Matters to be Acted Upon – 3. Election of Directors.*”

In addition, each of the members of the Audit Committee has knowledge of the role of an audit committee in the realm of reporting companies from their years of experience as directors of public companies other than the Company. See “*Section 7 - Corporate Governance – Directorships in Other Reporting Issuers.*”

#### **AUDIT COMMITTEE OVERSIGHT**

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

#### **RELIANCE ON CERTAIN EXEMPTIONS**

At no time since the commencement of the Company’s most recently completed financial year ended July 31, 2023, has the Company relied on the exemption in section 2.4 of NI 52-110 - *Audit Committees (De Minimis Non-audit Services)*, the exemption in section 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*), the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or an exemption, in whole or in part, granted under Part 8 of NI 52-110.

As the Company is a “Venture Issuer” pursuant to relevant securities legislation, the Company is relying on the exemption in section 6.1 of NI 52-110 - *Audit Committees*, from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

#### **PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

#### **EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)**

The aggregate fees billed by the Company’s external auditor in each of the last two financial years with respect to the Company, by category, are as follows:

<b>Financial Year Ending July 31</b>	<b>Audit Fees<sup>(1)</sup> (\$)</b>	<b>Audit-Related Fees<sup>(2)</sup> (\$)</b>	<b>Tax Fees<sup>(3)</sup> (\$)</b>	<b>All Other Fees<sup>(4)</sup> (\$)</b>
2023	23,000	Nil	1,000	Nil
2022	22,500	Nil	625	Nil
2021	20,000	Nil	625	Nil

#### **NOTES:**

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

audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

<sup>(4)</sup> “All Other Fees” include all other non-audit services.

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## SECTION 7 - CORPORATE GOVERNANCE

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### GENERAL

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), the Company is required to disclose its corporate governance practices. Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company.

National Policy 58-201 - *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices and believes the Company’s corporate governance practices are appropriate and effective for the Company given its current size.

### BOARD OF DIRECTORS

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees. The Board facilitates its exercise of independent supervision over management by ensuring that the Board is composed of at least two directors independent of management. The Board, at present, is composed of five (5) directors, three of whom are not executive officers of the Company and both of whom are considered to be “independent”, as that term is defined in applicable securities legislation. Dr. Luisa Moreno, Roger Dahn, and Robert Tjandra are considered to be independent. Martin Kepman is not considered independent by reason of his offices as Chief Executive Officer and President of the Company. James Richardson is also not considered to be independent by reason of his office as Chief Financial Officer of the Company. In determining whether a director is independent, the Board chiefly considers whether the director has a relationship which could or could be perceived to interfere with the director’s ability to objectively assess the performance of management.

The Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing the Company’s cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

### DIRECTORSHIPS IN OTHER REPORTING ISSUERS

Certain of the Company’s directors are also directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction as follows:



Name of Director	Other Reporting Issuer (or the equivalent)
Dr. Luisa Moreno	Amex Exploration Inc. AmmPower Corp. Defense Metals Corp. Edison Lithium Corp. Manganese X Energy Corp. Tantelex Lithium Resources Corporation
James Richardson	BacTech Environmental Corporation Edison Lithium Corp. First Metals Inc. Goldstone Resources Inc. iMetal Resources Inc. Knightscope Media Corp. (formerly Queen Street Entertainment Capital Inc.) Manganese X Energy Corp. Northern Sun Mining Corp. NurExone Biologic Inc. (formerly Enerspar Corp.) Pine Point Mining Limited (formerly Darnley Bay Resources Limited) WaterWays Technologies Inc. Waseco Resources Inc.
Nathan Rotstein	Edison Lithium Corp.
Roger Dahn	Edison Lithium Corp. Manganese X Energy Corp.
Martin Kepman	Manganese X Energy Corp.

## ORIENTATION AND CONTINUING EDUCATION

The Board is responsible for providing orientation for all new recruits to the Board. The Company has not developed an official orientation or training program for new directors as each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director. New directors have the opportunity to become familiar with the Company and its business by meeting with the other directors and with officers and employees. Orientation activities are tailored to the particular needs and experience of each director and the overall needs of the Board. The Company provides continuing education for its directors as the need arises and encourages open discussion at all meetings, which foster learning by the directors.

## ETHICAL BUSINESS CONDUCT

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

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee

or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the Shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

#### **NOMINATION OF DIRECTORS**

The Board, as a whole, considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Board is also responsible for recruiting new members to the Board and planning for the succession of board members.

#### **COMPENSATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER**

The Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO of the Company and the directors, and for reviewing the CFO's recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board considers: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company's shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations in general; and (v) permitted compensation under the rules of the Exchange.

#### **COMMITTEES OF THE BOARD OF DIRECTORS**

The Board has appointed an Audit Committee, the members of which are Nathan Rotstein, Roger Dahn and Martin Kepman. A description of the function of the Audit Committee can be found in this Circular under "*Section 6 - Audit Committee*". The Board does not have any other committees.

#### **ASSESSMENTS**

Due to the relatively small size of the Board and limited operations, the Board has not adopted any formal means or methods to regularly assess the Board, its committees or the individual directors of the Company with respect to their effectiveness and contributions. However, the Board will annually review its own performance and effectiveness as well as the performance and effectiveness of its committees and the individual directors of the Company with respect to their effectiveness and contributions. The Board monitors the adequacy of information given to directors of the Company, communication between the Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practice allows the Company to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

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### **SECTION 8 - OTHER INFORMATION**

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

The Company has a 10% rolling stock option plan in place. See "*Section 3 - Particulars of Matters to Be Acted Upon – Security-Based Compensation Plan*" and "*Section 5- Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans*."

The following table provides information as at July 31, 2023, regarding the number of common shares to be issued pursuant to the Company's stock option plan. The Company does not have any equity compensation plans that have not been approved by its shareholders.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders <sup>(1)</sup>	1,708,827	\$0.50	208,827
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total:</b>	<b>1,708,827</b>	<b>\$0.50</b>	<b>208,827</b>

NOTES:

(1) Represents the Stock Option Plan of the Company. As at July 31, 2023, the Stock Option Plan reserved shares equal to a maximum of 10% of the issued and outstanding Shares. As at July 31, 2023, the Company had 17,088,268 common shares issued and outstanding.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than "routine indebtedness" as defined in applicable securities legislation, since the beginning of the financial year ended July 31, 2023, none of:

- (a) the executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associates of the foregoing persons;

is or has been indebted to the Company or any of its subsidiaries or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, and which was not entirely repaid on or before the date of this Circular.

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

Except as disclosed herein, none of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting. Other than the election of directors and the approval of the stock option plan of the Company, all described in this Circular.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed herein or in the Company's financial statements, no informed person of the Company, or proposed director of the Company, or any associate or affiliate of any informed person or proposed director, had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year, or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over

voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its shares.

#### **MANAGEMENT CONTRACTS**

Since the beginning of the Company's most recently completed financial year ended July 31, 2023, management functions of the Company are not, and have not been, to any substantial degree performed by any person other than the executive officers and directors of the Company.

#### **ADDITIONAL INFORMATION**

Financial information about the Company is included in the Company's comparative annual financial statements for the financial years ended July 31, 2023, July 31, 2022 and July 31, 2021, and the related Management's Discussion and Analyses, which have been electronically filed with regulators and are available online under the Company's profile on SEDAR+ online at [www.sedarplus.ca](http://www.sedarplus.ca). Copies may be obtained without charge upon request to the Company, c/o Keystone Corporate Services Inc., Suite 214, 257 12<sup>th</sup> Street East, North Vancouver, British Columbia, V7L 2J8 - telephone 604-612-2111.

You may also access the Company's other public disclosure documents on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the Company's profile. Additional information about the Company can be found on the Company's website at <https://graphano.com/>.

#### **REQUEST FOR FINANCIAL STATEMENTS**

National Instrument 51-102 – *Continuous Disclosure Obligations* sets out the procedures for a shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format.

#### **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Circular have been approved and the delivery of it to each Shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

DATED at Vancouver, British Columbia, this 28<sup>th</sup> day of February 2024.

BY ORDER OF THE BOARD

**GRAPHANO ENERGY LTD.**

/s/ Dr. Luisa Moreno

Dr. Luisa Moreno

Chief Executive Officer and Director

**APPENDIX “A”**

**Proposed New Security Based Compensation Plan of  
Graphano Energy Ltd.  
(the “Company”)**

**GRAPHANO ENERGY LTD.**  
**OMNIBUS EQUITY INCENTIVE PLAN**

**ARTICLE 1**  
**ESTABLISHMENT, PURPOSE AND DURATION**

**1.1 Establishment of the Plan.**

The following is the omnibus equity incentive plan of Company. (the “**Company**”) pursuant to which stock-based compensation Awards (as defined below) may be granted to eligible Participants (as defined below). The plan is a Security Based Compensation Plan (the “**Plan**”) (as such term as defined below). The Plan permits the grant of Options, Share Appreciation Rights, Restricted Share Units, Deferred Share Units and Performance Share Units (as such terms are defined below).

The Plan was approved by the Board (as defined below) on February 16, 2024, and shall become effective upon the receipt of approval of the Shareholders and the acceptance of the TSX Venture Exchange (the “**Effective Date**”), and will remain in force until the date it is terminated by the Board in accordance with the Plan. The Plan is subject to amendment and/or restatement from time to time on approval of the Board and receipt of any required regulatory and/or shareholder approvals.

**1.2 Purpose of the Plan.**

The purposes of the Plan are to: (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants, (ii) align the interests of Participants with those of other shareholders of the Company generally, and (iii) enable and encourage Participants to participate in the long-term growth of the Company through the acquisition of Shares (as defined below) as long-term investments.

**1.3 Termination of Predecessor Plan.**

The Plan shall, in respect of Options, serve as the successor to the Company's stock option plan as it existed prior to the Effective Date (the “**Predecessor Plan**”). Options currently outstanding under the Stock Option Plan will remain outstanding and in full force and effect in accordance with their terms after the Effective Date. However, following the Effective Date, no additional grants shall be made pursuant to the Predecessor Plan, and the Predecessor Plan will terminate on the date upon which no Outstanding Options remain outstanding.

**ARTICLE 2**  
**DEFINITIONS**

Whenever used in the Plan, the following terms shall have the respective meanings set forth below, unless the context clearly requires otherwise, and when such meaning is intended, such term shall be capitalized.

“**Affiliate**” means any corporation, partnership or other entity: (i) in which the Company, directly or indirectly, has majority ownership interest; or (ii) which the Company controls. For the purposes of this definition, the Company is deemed to “control” such corporation, partnership or other entity if the Company possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise, and includes a corporation which is considered to be a subsidiary for purposes of consolidation under International Financial Reporting Standards.

“**Award**” means, individually or collectively, a grant under the Plan of Options, SARs, Deferred Share Units, Restricted Share Units or Performance Share Units, in each case subject to the terms of the Plan.

“**Award Agreement**” means either: (i) a written agreement entered into by the Company or an Affiliate of the Company and a Participant setting forth the terms and provisions applicable to Awards granted under the Plan; or (ii) a written statement issued by the Company or an Affiliate of the Company to a Participant describing the terms and provisions of such Award. All Award Agreements shall be deemed to incorporate the provisions of the Plan. An Award Agreement need not be identical to other Award Agreements either in form or substance.

“**BCSA**” means the *Securities Act* (British Columbia), as may be amended from time to time.

“**Blackout Period**” means a period of time during which the Participant cannot sell Shares, due to applicable law or policies of the Company in respect of insider trading.

“**Board**” means the board of directors of the Company as constituted from time to time.

“**Cause**” means either: (i) if the Participant has a written agreement pursuant to which he or she offers his or her services to the Company and the term “cause” is defined in such agreement, “cause” as defined in such agreement; or (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant, (B) the failure of the Participant to follow the Company's reasonable instructions with respect to the performance of his or her duties, (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company, (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud, or (E) any other act or omission of the Participant which would at law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee.

“**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 as a result of which the holders of Shares prior to the completion of the transaction hold or beneficially own, directly or indirectly, less than 50% of the outstanding Voting Securities 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 all or substantially all of the assets of the Company and/or any of its subsidiaries to any other Person, other than disposition to a wholly-owned subsidiary in the course of a reorganization of the assets of the Company and its subsidiaries;
- (c) a resolution is adopted to windup, dissolve or liquidate the Company;
- (d) an acquisition by any Person or group of Persons acting jointly or in concert of beneficial ownership of more than 50% of the Shares; or
- (e) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

“**Code**” means the *U.S. Internal Revenue Code of 1986*, as amended from time to time, or any successor thereto.

“**Committee**” means the Board or, if so delegated in whole or in part by the Board, any duly authorized committee of the Board appointed by the Board to administer the Plan.

“**Company**” means Graphano Energy Ltd.

“**Consultant**” has the meaning set out in Policy 4.4 of the TSXV Corporate Finance Manual or such replacement definition for so long as the Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

“**Deferred Share Unit**” or “**DSU**” means an Award denominated in units that provides the holder thereof with a right to receive Shares or cash or a combination thereof upon settlement of the Award, granted under and subject to the terms of the Plan.

“**Director**” means any individual who is a member of the Board.

“**Disability**” means the disability of the Participant which would entitle the Participant to receive disability benefits pursuant to the long-term disability plan of the Company (if one exists) then covering the Participant, provided that the Board may, in its sole discretion, determine that, notwithstanding the provisions of any such long-term disability plan, the Participant is permanently disabled for the purposes of the Plan.

“**Discounted Market Price**” has the meaning ascribed thereto in Policy 1.1 of the TSXV Corporate Finance Manual or such replacement definition for so long as the Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

“**Dividend Equivalent**” means a right with respect to an Award to receive cash, Shares or other property equal in value and form to dividends declared by the Board and paid with respect to outstanding Shares. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement, and if specifically provided for in the Award Agreement shall be subject to such terms and conditions set forth in the Award Agreement as the Committee shall determine.

“**Eligible Charitable Organization**” has the meaning set out in Policy 4.4 of the TSXV Corporate Finance Manual or such replacement definition for so long as the Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

“**Employee**” means any bona fide employee or officer of the Company or an Affiliate of the Company; provided, however, that Directors who are not otherwise employed by the Company or an Affiliate of the Company shall not be considered Employees under the Plan.

“**Exchange Hold Period**” means a four-month resale restriction imposed by the TSXV on:

- (i) Common Shares and securities convertible, exercisable or exchangeable into Common Shares (including Options) issued by the Company to:
  - a. directors, officers and Promoters of the Company;
  - b. Consultants of the Company; or
  - c. Persons holding securities carrying more than 10% of the voting rights attached to the Company’s securities both immediately before and after



the transaction in which securities are issued, and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of the Issuer, except in the case of securities whose Distribution (as such term is defined in the policies of the TSXV) was qualified by a Prospectus (as such term is defined in the policies of the TSXV) or which were issued under a take-over bid, rights offering or pursuant to an amalgamation or other statutory procedure;

- (ii) Options granted by the Company to any Person with an exercise price that is less than the applicable Market Price; and
- (iii) as required by subsection (e)(v) of the definition of Market Price in Policy 1.1 of the TSXV, securities issued at a price or deemed price that is less than \$0.05 except in the case of securities whose Distribution was qualified by a Prospectus or securities issued pursuant to Policy 4.5 – Rights Offerings of the TSXV;

“**Existing Awards**” means options to purchase **1,500,000** Shares granted by the Company under the Predecessor Plan prior to, but which remain outstanding as of, the Effective Date.

“**FMV**” means, unless otherwise required by any applicable provision of the Code or any regulations thereunder or by any applicable accounting standard for the Company's desired accounting for Awards or by the rules of the TSXV, a price that is determined by the Committee, provided that such price cannot be less than the last closing price of the Shares on the TSXV less any discount permitted by the rules or policies of the TSXV.

“**Freestanding SAR**” means a SAR that is not a Tandem SAR, as described herein.

“**Grant Price**” means the price against which the amount payable is determined upon exercise of a SAR.

“**Insider**” has the meaning ascribed thereto in Policy 1.1 of the TSXV Corporate Finance Manual or such replacement definition for so long as the Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

“**Investor Relations Service Provider**” has the meaning set out in Policy 4.4 of the TSXV Corporate Finance Manual or such replacement definition for so long as the Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

“**ITA**” means the *Income Tax Act* (Canada).

“**Management Company Employee**” has the meaning set out in Policy 4.4 of the TSXV Corporate Finance Manual or such replacement definition for so long as the Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

“**Non-Employee Director**” means a Director who is not an Employee.

“**Notice Period**” means any period of contractual notice or reasonable notice that the Company or an Affiliate of the Company may be required at law, by contract or otherwise agrees to provide to a Participant upon termination of employment, whether or not the Company or Affiliate elects to pay severance in lieu of providing notice to the Participant, provided that where a Participant's employment contract provides for an increased severance or termination payment in the event of termination following a Change of Control,

the Notice Period for the purposes of the Plan shall be the Notice Period under such contract applicable to a termination which does not follow a Change of Control.

“**Option**” means the conditional right to purchase Shares at a stated Option Price for a specified period of time, subject to the terms of the Plan.

“**Option Price**” means the price at which a Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.

“**Participant**” means a Person who is either an Employee, Non-Employee Director, Consultant, Management Company Employee or Eligible Charitable Organization who has been selected to receive an Award, or who has an outstanding Award granted under the Plan or the Predecessor Plan.

“**Performance Period**” means the period of time during which the assigned performance criteria must be met in order to determine the degree of payout and/or vesting with respect to an Award.

“**Performance Share Unit**” means an Award granted under Article 10 herein and subject to the terms of the Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

“**Period of Restriction**” means the period when an Award of Restricted Share Units is subject to forfeiture based on the passage of time, the achievement of performance criteria, and/or upon the occurrence of other events as determined by the Committee, in its discretion.

“**Person**” has the meaning set out in Policy 1.1 of the TSXV Corporate Finance Manual or such replacement definition for so long as the Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

“**Restricted Share Unit**” means an Award denominated in units subject to a Period of Restriction, with a right to receive Shares or cash or a combination thereof upon settlement of the Award, granted under Article 8 herein and subject to the terms of the Plan.

“**Retirement**” or “**Retire**” means a Participant's permanent withdrawal from employment or office with the Company or an Affiliate of the Company on terms and conditions accepted by the Board.

“**Security Based Compensation**” has the meaning set out in Policy 4.4 of the TSXV Corporate Finance Manual or such replacement definition for so long as the Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

“**Share Appreciation Right**” or “**SAR**” means the conditional right to receive the difference between the FMV of a Share on the date of exercise over the Grant Price, pursuant to the terms of Article 7 herein and subject to the terms of the Plan.

“**Shares**” means common shares of the Company.

“**Tandem SAR**” means a SAR that the Committee specifies is granted in connection with a related Option pursuant to Article 7 herein and subject to the terms of the Plan, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be cancelled) or a SAR that is granted in tandem with an Option but the exercise of such Option does not cancel the SAR, but rather results in the exercise of the related SAR. Regardless of whether an Option is granted coincident with a SAR: (a) a SAR is not a Tandem SAR unless

so specified by the Committee at the time of grant; and (b) a Tandem SAR shall be considered two separate Awards under the Plan.

**“Termination Date”** means the date on which a Participant ceases to be eligible to participate under the Plan as a result of a termination of employment, officer position, board service or consulting arrangement with the Company or any Affiliate of the Company for any reason, including death, Retirement, resignation or termination with or without Cause. For the purposes of the Plan, a Participant's employment, officer position, board service or consulting arrangement with the Company or an Affiliate of the Company shall be considered to have terminated effective on the last day of the Participant's actual and active employment, officer position or board or consulting service with the Company or the Affiliate whether such day is selected by agreement with the individual, unilaterally by the Company or the Affiliate and whether with or without advance notice to the Participant. For the avoidance of doubt, no period of notice or pay in lieu of notice that is given or that ought to have been given under applicable law in respect of such termination of employment that follows or is in respect of a period after the Participant's last day of actual and active employment shall be considered as extending the Participant's period of employment for the purposes of determining his or her entitlement under the Plan.

**“Trading Day”** means a day when trading occurs through the facilities of the TSXV.

**“TSXV”** means the TSX Venture Exchange and at any time the Shares are not listed and posted for trading on the TSXV, shall be deemed to mean such other stock exchange or trading platform upon which the Shares trade and which has been designated by the Committee.

**“U.S. Participants”** means those Participants that are United States taxpayers.

**“Voting Securities”** means any securities of the Company ordinarily carrying the right to vote at elections of directors and any securities immediately convertible into or exchangeable for such securities.

**“VWAP”** means the volume weighted average trading price of the Shares on the TSXV calculated by dividing the total value by the total volume of Shares traded for the five Trading Days immediately preceding the date of exercise of the subject Option.

### **ARTICLE 3 ADMINISTRATION**

#### **3.1 General.**

The Committee shall be responsible for administering the Plan. The Committee may employ attorneys, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such Persons. All actions taken and all interpretations and determinations made by the Committee shall be final, conclusive and binding upon the Participants, the Company, and all other interested parties. No member of the Committee will be liable for any action or determination taken or made in good faith with respect to the Plan or Awards granted hereunder. Each member of the Committee shall be entitled to indemnification by the Company with respect to any such determination or action in the manner provided for by the Company and its subsidiaries.

#### **3.2 Authority of the Committee.**

The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and any Award Agreement or other agreement ancillary to or in connection with the Plan, to determine eligibility for Awards, and to adopt such rules, regulations and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting

Award recipients, establishing all Award terms and conditions, including grant, exercise price, issue price and vesting terms, whether Awards payout in cash or Shares where applicable, determining any performance goals applicable to Awards and whether such performance goals have been achieved, and, subject to Article 14, adopting modifications and amendments to the Plan or any Award Agreement, including, without limitation, any that are necessary or appropriate to comply with the laws or compensation practices of the jurisdictions in which the Company and its Affiliates operate.

### **3.3 Delegation.**

The Committee may delegate to one or more of its members any of the Committee's administrative duties or powers as it may deem advisable; provided, however, that any such delegation must be permitted under applicable corporate law.

## **ARTICLE 4 SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS**

### **4.1 Maximum Number of Shares Available for Awards.**

- (a) The maximum number of Shares issuable pursuant to Options issued under the Plan shall be equal to 10% of the then outstanding Shares on a rolling basis. To the extent that an Option lapses or the rights of its Participant terminate or are paid out in cash (except in the case of Options which cannot be paid out in cash), any Shares subject to such Option shall again be available for the grant of an Option.
- (b) In addition to (and not inclusive of) the maximum number of Shares issuable pursuant to Options issued under the Plan as specified in Section 4.1(a), the Company may issue up to an additional **1,708,826** Shares, in the aggregate, pursuant to the exercise of SARs, RSUs, DSUs and PSUs issued under the Plan (inclusive of all Shares issued as Dividend Equivalents in connection with a SAR, RSU, DSU or PSU).

### **4.2 Award Grants to Individuals.**

The maximum number of Shares for which Awards may be issued to any one Person in any 12-month period shall not exceed 5% of the outstanding Shares (inclusive of all Shares issued as Dividend Equivalents in connection with a SAR, RSU, DSU or PSU), calculated on the date an Award is granted to the Participant, unless the Company obtains disinterested shareholder approval as required by the policies of the TSXV. The maximum number of Shares for which Awards may be issued to any one Consultant in any 12-month period must not exceed 2% of the outstanding Shares (inclusive of all Shares issued as Dividend Equivalents in connection with a SAR, RSU, DSU or PSU), calculated on the date an Award is granted to the Consultant, as applicable.

### **4.3 Award Grants to Investor Relations Providers.**

The maximum number of Shares for which Awards may be issued to any Consultant or Persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the TSXV) Person in any 12-month period shall not exceed 2% of the outstanding Shares (inclusive of all Shares issued as Dividend Equivalents in connection with a SAR, RSU, DSU or PSU), calculated on the date an Award is granted to the Consultant or any such Person, as applicable. For greater certainty, no Awards other than Options may be issued to any Consultants or Persons retained to provide Investor Relations Activities. A press release is required at the time of grant for an issuance or amendment of an Award.

#### **4.4 Award Grants to Insiders.**

Unless disinterested shareholder approval as required by the policies of the TSXV is obtained: (i) the maximum number of Shares for which Awards may be issued to Insiders (as a group) at any point in time shall not exceed 10% of the outstanding Shares (inclusive of all Shares issued as Dividend Equivalents in connection with a SAR, RSU, DSU or PSU); and (ii) the aggregate number of Awards granted to Insiders (as a group), within any 12-month period, shall not exceed 10% of the outstanding Shares (inclusive of all Shares issued as Dividend Equivalents in connection with a SAR, RSU, DSU or PSU), calculated at the date an Award is granted to any Insider. A press release is required at the time of grant for an issuance or amendment of an Award.

#### **4.5 Adjustments in Authorized Shares.**

Subject to the approval of the TSXV (except in relation to a consolidation or stock split), in the event of any corporate event or transaction (collectively, a “**Corporate Reorganization**”) (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, arrangement, amalgamation, consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spinoff or other distribution of stock or property of the Company, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee shall make or provide for such adjustments or substitutions, as applicable, in the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, the limit on issuing Awards other than Options granted with an Option Price equal to at least the FMV of a Share on the date of grant or Share Appreciation Rights with a Grant Price equal to at least the FMV of a Share on the date of grant, and any other value determinations applicable to outstanding Awards or to the Plan, as are equitably necessary to prevent dilution or enlargement of Participants' rights under the Plan that otherwise would result from such corporate event or transaction. In connection with a Corporate Reorganization, the Committee shall have the discretion to permit a holder of Options to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan and the applicable Award Agreement) and the holder will then accept on the exercise of such Option, in lieu of the Shares that such holder would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that such holder would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, that holder had owned all Shares that were subject to the Option. Such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in Shares.

The Committee shall also make appropriate adjustments in the terms of any Awards under the Plan as are equitably necessary to reflect such Corporate Reorganization and may modify any other terms of outstanding Awards, including modifications of performance criteria and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan, provided that any such adjustments must comply with Section 409A of the Code with respect to any U.S. Participants.

Subject to the provisions of Article 12 and any applicable law or regulatory requirement, including the approval of the TSXV, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance, assumption, substitution or conversion of Awards under the Plan in connection with any Corporate Reorganization, upon such terms and conditions as it may deem appropriate. Additionally, subject to any required approvals of the TSXV, the Committee may amend the Plan, or adopt supplements to the Plan, in such manner as it deems appropriate to provide for such issuance, assumption, substitution or conversion as provided in the previous sentence.

#### **4.6 Existing Awards.**

Subject to any required approvals of the TSXV and compliance with applicable securities laws, all Existing Awards granted under the Predecessor Plan shall, from and after the Effective Date, be subject to and governed by the terms of the Plan.

#### **4.7 Exchange Hold Period.**

While the Common Shares are listed on the TSXV, the Exchange Hold Period is applicable and Options subject to an Exchange Hold Period must be legended accordingly in accordance with the policies of the TSXV.

### **ARTICLE 5 ELIGIBILITY AND PARTICIPATION**

#### **5.1 Eligibility.**

Only Participants are eligible to receive Awards from the Company. Prior to a grant to an Employee, Consultant or Management Company Employee, the Company and the Participant must confirm that the Participant is a bona fide Employee, Consultant or Management Company Employee of the Company.

#### **5.2 Actual Participation.**

Subject to the provisions of the Plan, the Committee may, from time to time, in its sole discretion select from among eligible Employees, Non-Employee Directors and Consultants those to whom Awards shall be granted under the Plan, and shall determine in its discretion the nature, terms, conditions and amount of each Award.

### **ARTICLE 6 STOCK OPTIONS**

#### **6.1 Grant of Options.**

Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee in its discretion.

#### **6.2 Award Agreement.**

Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, the conditions, if any, upon which an Option shall become vested and exercisable, and any such other provisions as the Committee shall determine.

#### **6.3 Option Price.**

The Option Price for each grant of an Option under the Plan shall be determined by the Committee and shall be specified in the Award Agreement. The Option Price for an Option shall be not less than the FMV of the Shares on the date of grant and shall not be less than the Discounted Market Price

#### **6.4 Vesting of Options**

Each Option granted to a Participant shall vest at such time(s) as the Committee shall determine at the time of grant and shall be specified in the Award Agreement. Each Option issued to any Consultant or Persons (in the aggregate) retained to provide Investor Relations Activities must vest

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine.

#### **6.5 Duration of Options.**

Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant; provided, however, that, subject to Section 6.6, no Option shall be exercisable later than the tenth (10th) anniversary date of its grant.

#### **6.6 Blackout Periods.**

If the date on which an Option is scheduled to expire occurs during a Black Out Period applicable to such Participant, then the expiry date for such Option shall be extended to the last day of such 10-business day period.

#### **6.7 Exercise of Options.**

Options granted under this Article 6 shall be exercisable at such times and on the occurrence of such events, and be subject to such restrictions and conditions, as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

#### **6.8 Payment.**

- (a) Options granted under this Article 6 shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment of the Option Price.
- (b) Subject to Section 6.8(c), the Option Price upon exercise of any Option shall be payable to the Company in full by direct deposit or wire transfer. As soon as practicable after receipt of a notification of exercise and full payment of the Option Price, the Shares in respect of which the Option has been exercised shall be issued as fully-paid and non-assessable common shares of the Company. As of the business day the Company receives such notice and such payment, the Participant (or the Person claiming through a Participant, as the case may be) shall be entitled to be entered on the share register of the Company as the holder of the number of Shares in respect of which the Option was exercised and to receive as promptly as possible thereafter, but in any event, on or before the 15<sup>th</sup> day of the third month of the year following the year in which the Option was exercised, a certificate or evidence of book entry representing the said number of Shares. The Company shall cause to be delivered to or to the direction of the Participant Share certificates or evidence of book entry Shares in an appropriate amount based upon the number of Shares purchased under the Option(s).

- (c) Subject to Board approval, but excluding Options held by an Investor Relations Service Provider, a Participant may elect, in its sole discretion, to undertake: (i) a “cashless exercise” pursuant to which the Company or its designee (including third party administrators) may deliver a copy of irrevocable instructions to a broker engaged for such purposes to sell the Shares otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the exercise price of the Option and all applicable required withholding obligations contemplated under the Plan against delivery of the Shares to settle the applicable trade; or (ii) a “net exercise” procedure effected by the Participant surrendering the applicable portion of a then-vested and exercisable Option to the Company, that number of Shares, disregarding fractions, equal to the value of the exercise price of the Option. In connection with such net exercise, the Participant shall be entitled to receive such number of whole Shares (rounded down to the nearest whole number) obtained pursuant to the following formula:

$$a = \frac{b \times c - d}{c}$$

where:

a = the net number of Shares to be issued to the Participant;

b = the number of Shares under the Option being exercised;

c = the VWAP; and

d = the exercise price of the Option.

In the event of a cashless or net exercise pursuant hereto, the Participant shall comply with: (i) all applicable withholding obligations under the Plan; and (ii) all such other procedures and policies as the Board may prescribe or determine to be necessary or advisable from time to time, including prior written consent of the Board, in connection with such exercise. No fractional Shares will be issued upon a Participant making an election pursuant to this Section 6.8(c). If the number of Shares to be issued to the Participant in the event of such an election would otherwise include a fraction of a Share, the Participant will have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded. For greater certainty, in determining all limits under the Plan, the number of Options exercised, surrendered or converted, and not the number of Shares actually issued in connection with a Cashless Exercise or a Net Exercise, will be included in the calculation of such limits.

## **6.9 Death, Disability, Retirement and Termination or Resignation of Employment.**

If the Award Agreement does not specify the effect of a termination or resignation of employment then the following default rules will apply:

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate of the Company:
- (i) all unvested Options as at the Termination Date shall automatically and immediately vest; and



- (ii) all vested Options (including those that vested pursuant to (i) above) shall continue to be subject to the Plan and exercisable for a period of 90 days after the Termination Date, provided that any Options that have not been exercised within 90 days after the Termination Date shall automatically and immediately expire and be forfeited on such date.

Notwithstanding the forgoing, all Options must expire within twelve months following the Participant's death.

- (b) **Disability:** If a Participant ceases to be eligible to be a Participant under the Plan as a result of their Disability then all Options remain and continue to vest (and are exercisable) in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- (c) **Retirement:** If a Participant Retires then the Board shall have the discretion, with respect to such Participant's Options, to determine: (i) whether to accelerate vesting of any or all of such Options, (ii) whether any of such Options shall be cancelled, with or without payment, and (iii) how long, if at all, such Options may remain outstanding following the Termination Date; provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date.
- (d) **Termination for Cause:** If a Participant ceases to be eligible to be a Participant under the Plan as a result of their termination for Cause, then all Options, whether vested or not, as at the Termination Date shall automatically and immediately expire and be forfeited.
- (e) **Termination without Cause or Voluntary Resignation:** If a Participant ceases to be eligible to be a Participant under the Plan for any reason, other than as set out in Sections 6.9(a)-6.9(d), then, unless otherwise determined by the Board in its sole discretion, as of the Termination Date:
  - (i) all unvested Options shall automatically and immediately expire and be forfeited, and
  - (ii) all vested Options shall continue to be subject to the Plan and exercisable for a period of 90 days after the Termination Date, provided that any Options that have not been exercised within 90 days after the Termination Date shall automatically and immediately expire and be forfeited on such date.

Notwithstanding any determination of the Board or the terms of the applicable Award Agreement, all Options must expire within 12 months following the date on which the Person ceases to be an eligible Participant.

#### **6.10 Nontransferability of Options.**

An Option granted under this Article 6 may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all Options granted to a Participant under this Article 6 shall be exercisable during such Participant's lifetime only by such Participant.

**ARTICLE 7**  
**SHARE APPRECIATION RIGHTS**

**7.1 Grant of SARs.**

Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time and upon such terms as shall be determined by the Committee in its discretion. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SARs.

The Grant Price for each grant of a Freestanding SAR shall be determined by the Committee and shall be specified in the Award Agreement. The Grant Price may be based on one hundred percent (100%) of the FMV of the Shares on the date of grant, or set at a premium to the FMV of the Shares on the date of grant, or be indexed to the FMV of the Shares on the date of grant, with the index determined by the Committee, in its discretion, provided that the Grant Price may never be less than the FMV of the Shares on the date of Grant. The Grant Price of Tandem SARs shall be equal to the Option Price of the related Option.

**7.2 SAR Agreement.**

Each SAR Award shall be evidenced by an Award Agreement that shall specify the Grant Price, the term of the SAR, and any such other provisions as the Committee shall determine.

**7.3 Term of SAR.**

The term of a SAR granted under the Plan shall be determined by the Committee, in its sole discretion, and subject to Section 7.4, no SAR shall be exercisable later than the tenth (10<sup>th</sup>) anniversary date of its grant.

**7.4 Blackout Periods.**

If the date on which a SAR is scheduled to expire occurs during a Black Out Period applicable to such Participant, then the expiry date for such SAR shall be extended to the last day of such 10-business day period.

**7.5 Exercise of Freestanding SARs.**

Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes.

**7.6 Exercise of Tandem SARs.**

With respect to Participants who are not subject to taxation under the ITA, Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option, if applicable. With respect to Participants subject to taxation under the ITA, prior to exercising a Tandem SAR the Participant must elect to receive the Tandem SAR in consideration for the disposition of that Participant's right to receive Shares under the Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

**7.7 Payment of SAR Amount.**

Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount representing the difference between the FMV of the underlying Shares on the date of exercise over the Grant Price. At the discretion of the Committee, the payment upon SAR exercise may be in cash, Shares of equivalent value (based on the FMV of the Shares on the date of exercise of the SAR, as defined in the Award Agreement or otherwise defined by the Committee thereafter), in some combination thereof, or in

any other form approved by the Committee at its sole discretion (subject to compliance with the rules of the TSXV). Payment shall be made no earlier than the date of exercise nor later than 2&1/2 months after the close of the year in which the SAR is exercised. The Committee's determination regarding the form of SAR payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the SAR (subject to compliance with the rules of the TSXV).

#### **7.8 Termination of Employment.**

Each Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that: (a) such provisions shall comply with the rules of the TSXV; and (b) in no event shall any SAR be exercisable for more than 12 months after the Termination Date.

#### **7.9 Nontransferability of SARs.**

A SAR granted under the Plan may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution (provided that in such case the SAR shall continue to be subject to the terms of the Plan). Further, all SARs granted to a Participant under the Plan shall be exercisable during such Participant's lifetime only by such Participant.

#### **7.10 Vesting of SARs.**

Each SAR granted to a Participant shall vest at such time(s) as the Committee shall determine at the time of grant and shall be specified in the Award Agreement. Other than in connection with a Corporate Reorganization, Change of Control or upon the death of a Participant, no SAR may vest before the date that is one year following the date of grant.

### **ARTICLE 8 RESTRICTED SHARE UNITS**

#### **8.1 Grant of Restricted Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Restricted Share Units to Participants in such amounts and upon such terms as the Committee shall determine.

#### **8.2 Restricted Share Unit Agreement.**

Each Restricted Share Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Restricted Share Units granted, the settlement date for Restricted Share Units, whether such Restricted Share Unit is settled in cash, Shares or a combination thereof or if the form of payment is reserved for later determination by the Committee (provided that such other form of payment complies with the rules of the TSXV), and any such other provisions as the Committee shall determine, provided that unless otherwise determined by the Committee or as set out in any Award Agreement, no Restricted Share Unit shall vest later than three years after the date of grant. The Committee shall impose, in the Award Agreement at the time of grant, such other conditions and/or restrictions on any Restricted Share Units granted pursuant to the Plan as it may deem advisable, including, without limitation, restrictions based upon the achievement of specific performance criteria, time-based restrictions on vesting following the attainment of the performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the TSXV.

### **8.3 Vesting of Restricted Share Units.**

Unless otherwise specified in an Award Agreement, and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of Restricted Share Units, Restricted Share Units shall vest equally over a three year period such that 1/3 of the Restricted Share Units granted in an Award shall vest on the first, second and third anniversary dates of the date that the Award was granted, and provided that no Restricted Share Unit granted shall vest and be payable after December 31st of the third calendar year following the year of service for which the Restricted Share Unit was granted. Other than in connection with a Corporate Reorganization, Change of Control or upon the death of a Participant, no RSU may vest before the date that is one year following the date of grant.

### **8.4 Black Out Periods.**

If the date on which a Restricted Share Unit is scheduled to expire occurs during a Black Out Period applicable to such Participant, then the expiry date for such Award shall be extended to the last day of such 10-business day period.

### **8.5 Nontransferability of Restricted Share Units.**

The Restricted Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. All rights with respect to the Restricted Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.

### **8.6 Dividends and Other Distributions.**

During the Period of Restriction, Participants holding Restricted Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Restricted Share Units, and will be required to make payment in cash if the issuance of the dividend or Dividend Equivalent would result in the Company surpassing the limitations set forth in Sections 4.1, 4.2, 4.3 or 4.4 of the Plan.

### **8.7 Death, Disability, Retirement and Termination or Resignation of Employment.**

If the Award Agreement does not specify the effect of a termination or resignation of employment then the following default rules will apply:

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate:
  - (i) all unvested Restricted Share Units as at the Termination Date shall automatically and immediately vest; and
  - (ii) all vested Restricted Share Units (including those that vested pursuant to (i) above) shall be paid to the Participant's estate in accordance with the terms of the Plan and the Award Agreement.

Notwithstanding the forgoing, all RSU's must expire within twelve months following the Participants death.

- (b) Disability: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their Disability, then all Restricted Share Units remain and continue to vest in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any Restricted Share Units that have not vested within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- (c) Retirement: If a Participant Retires then the Board shall have the discretion, with respect to such Participant's Restricted Share Units, to determine: (i) whether to accelerate vesting of any or all of such Restricted Share Units, (ii) whether any of such Restricted Share Units shall be cancelled, with or without payment, and (iii) how long, if at all, such Restricted Share Units may remain outstanding following the Termination Date; provided, however, that in no event shall such Restricted Share Units remain outstanding for more than 12 months after the Termination Date. Notwithstanding the above, for U.S. Participants, the treatment of Restricted Share Units upon retirement shall be provided for in the Award Agreement.
- (d) Termination for Cause: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their termination for Cause, then all Restricted Share Units, whether vested or not, as at the Termination Date shall automatically and immediately be forfeited.
- (e) Termination without Cause or Voluntary Resignation: If a Participant ceases to be eligible to be a Participant under the Plan for any reason, other than as set out in Sections 8.7(a)-8.7(d), then, unless otherwise determined by the Board in its sole discretion, as of the Termination Date:
  - (i) all unvested Restricted Share Units shall automatically and immediately be forfeited, and
  - (ii) all vested Restricted Share Units shall be paid to the Participants in accordance with the terms of the Plan and the Award Agreement.

Notwithstanding the forgoing, all RSU's must expire within twelve months following the date that the Person ceases to be an eligible Participant under the Plan.

- (f) Payment in Settlement of Restricted Share Units. When and if Restricted Share Units become payable, the Participant issued such Restricted Share Units shall be entitled to receive payment from the Company in settlement of such Restricted Share Units: (i) in cash, in an amount equal to the product of the FMV of a Share on the applicable settlement date multiplied by the number of Restricted Share Units being settled, (ii) in a number of Shares (issued from treasury) equal to the number of Restricted Share Units being settled, (iii) in some combination thereof, or (iv) in any other form, all as determined by the Committee at its sole discretion (provided that such other form of payment complies with the rules of the TSXV). The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Restricted Share Units. In the event settlement is made by payment in cash, such payment shall be made by the earlier of (i) 2&1/2 months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31st of the third year following the year of the grant date.

## **ARTICLE 9 DEFERRED SHARES UNITS**

### **9.1 Grant of Deferred Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Deferred Share Units to Participants in such amounts and upon such terms as the Committee shall determine.

### **9.2 Deferred Share Unit Agreement.**

Each Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number of Deferred Share Units granted, the settlement date for Deferred Share Units, and any other provisions as the Committee shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the TSXV, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Deferred Share Units.

### **9.3 Nontransferability of Deferred Share Units.**

The Deferred Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. All rights with respect to the Deferred Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.

### **9.4 Black Out Periods.**

If the date on which a Deferred Share Unit is scheduled to expire occurs during a Black Out Period applicable to such Participant, then the expiry date for such Award shall be extended to the last day of such 10-business day period.

### **9.5 Dividends and Other Distributions.**

Participants holding Deferred Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Deferred Share Units, and will be required to make payment in cash if the issuance of the dividend or Dividend Equivalent would result in the Company surpassing the limitations set forth in Sections 4.1, 4.2, 4.3 or 4.4 of the Plan.

### **9.6 Termination of Employment, Consultancy or Directorship.**

Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Deferred Share Units following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Deferred Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that: (a) such provisions shall comply with the rules of the TSXV; and (b) in no event shall any Deferred Share Unit be retained for more than 12 months after the Termination Date.

## **9.7 Payment in Settlement of Deferred Share Units.**

When and if Deferred Share Units become payable, the Participant issued such Deferred Share Units shall be entitled to receive payment from the Company in settlement of such Deferred Share Units: (i) in cash, in an amount equal to the product of the FMV of a Share on the applicable settlement date less the stipulated purchase price for the Deferred Share Units being settled, if any, multiplied by the number of Deferred Share Units being settled, (ii) in a number of Shares (issued from treasury) equal to the number of Deferred Share Units being settled, (iii) in some combination thereof, or (iv) in any other form (provided that such other form of payment complies with the rules of the TSXV), all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Deferred Share Units.

## **9.8 Vesting of DSUs**

Each DSU granted to a Participant shall vest at such time(s) as the Committee shall determine at the time of grant and shall be specified in the Award Agreement. Other than in connection with a Corporate Reorganization, Change of Control or upon the death of a Participant, no DSU may vest before the date that is one year following the date of grant.

# **ARTICLE 10 PERFORMANCE SHARE UNITS**

## **10.1 Grant of Performance Share Units.**

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Performance Share Units to Participants in such amounts and upon such terms as the Committee shall determine.

## **10.2 Value of Performance Share Units.**

Each Performance Share Unit shall have an initial value equal to the FMV of a Share on the date of grant. The Committee shall set performance criteria for a Performance Period in its discretion, which, depending on the extent to which they are met, will determine, in the manner determined by the Committee and set forth in the Award Agreement, the value and/or number of each Performance Share Unit that will be paid to the Participant.

## **10.3 Earning of Performance Share Units.**

Subject to the terms of the Plan and the applicable Award Agreement, after the applicable Performance Period has ended, the holder of Performance Share Units shall be entitled to receive payout on the value and number of Performance Share Units, determined as a function of the extent to which the corresponding performance criteria have been achieved. Notwithstanding the foregoing, the Company shall have the ability to require the Participant to hold any Shares received pursuant to such Award for a specified period of time.

## **10.4 Form and Timing of Payment of Performance Share Units.**

Payment of earned Performance Share Units shall be as determined by the Committee and as set forth in the Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay earned Performance Share Units in the form of: (i) cash equal to the value of the earned Performance Share Units at the end of the applicable Performance Period, (ii) a number of Shares issued from treasury equal to the number of earned Performance Share Units at the end of the applicable Performance Period, or (iii) in a combination thereof (subject to compliance with the rules of the TSXV). Any Shares may be granted

subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement for the grant of the Award or reserved for later determination. In no event will delivery of such Shares or payment of any cash amounts be made later than the earlier of (i) two and a half months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31st of the third year following the year of the grant date.

#### **10.5 Dividends and Other Distributions.**

Participants holding Performance Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Performance Share Units, and will be required to make payment in cash if the issuance of the dividend or Dividend Equivalent would result in the Company surpassing the limitations set forth in Sections 4.1, 4.2, 4.3 or 4.4 of the Plan.

#### **10.6 Termination of Employment, Consultancy or Directorship.**

Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Performance Share Units following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Performance Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that: (a) such provisions shall comply with the rules of the TSXV; and (b) in no event shall any Performance Share Unit be retained for more than 12 months after the Termination Date.

#### **10.7 Non-transferability of Performance Share Units.**

Performance Share Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution (provided that in such case the Performance Share Units shall continue to be subject to the terms of the Plan). Further, a Participant's rights under the Plan shall inure during such Participant's lifetime only to such Participant.

#### **10.8 Vesting of Performance Share Units**

Each Performance Share Units granted to a Participant shall vest at such time(s) as the Committee shall determine at the time of grant and shall be specified in the Award Agreement. Other than in connection with a Corporate Reorganization, Change of Control or upon the death of a Participant, no Performance Share Unit may vest before the date that is one year following the date of grant.

### **ARTICLE 11 BENEFICIARY DESIGNATION**

#### **11.1 Beneficiary.**

A Participant's "beneficiary" is the Person or Persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. A Participant may designate a beneficiary or change a previous beneficiary designation at such times as prescribed by the Committee and by using such forms and following such procedures approved or accepted by the Committee for that purpose. If no beneficiary designated by the Participant is eligible to receive payments or other



benefits or exercise rights that are available under the Plan at the Participant's death, the beneficiary shall be the Participant's estate.

### **11.2 Discretion of the Committee.**

Notwithstanding the provisions above, the Committee may, in its discretion, after notifying the affected Participants, modify the foregoing requirements, institute additional requirements for beneficiary designations, or suspend the existing beneficiary designations of living Participants or the process of determining beneficiaries under this Article 11, or both, in favor of another method of determining beneficiaries.

## **ARTICLE 12 RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE**

### **12.1 Employment.**

Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or an Affiliate of the Company to terminate any Participant's employment, consulting or other service relationship with the Company or the Affiliate at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company or the Affiliate.

Neither an Award nor any benefits arising under the Plan shall constitute part of an employment or service contract with the Company or an Affiliate of the Company, and, accordingly, subject to the terms of the Plan, the Plan may be terminated or modified at any time in the sole and exclusive discretion of the Committee or the Board without giving rise to liability on the part of the Company or its Affiliates for severance payments or otherwise, except as provided in the Plan.

For purposes of the Plan, unless otherwise provided by the Committee, a transfer of employment of a Participant between the Company and an Affiliate or among Affiliates of the Company, shall not be deemed a termination of employment. The Committee may provide, in a Participant's Award Agreement or otherwise, the conditions under which a transfer of employment to an entity that is spun off from the Company or an Affiliate of the Company shall not be deemed a termination of employment for purposes of an Award.

### **12.2 Participation.**

No Employee or other Person eligible to participate in the Plan shall have the right to be selected to receive an Award. No Person selected to receive an Award shall have the right to be selected to receive a future Award, or, if selected to receive a future Award, the right to receive such future Award on terms and conditions identical or in proportion in any way to any prior Award.

### **12.3 Rights as a Shareholder.**

A Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the holder of such Shares.

## **ARTICLE 13 CHANGE OF CONTROL**

### **13.1 Discretion of Board.**

Notwithstanding any other provision of the Plan, in the event of an actual or potential Change of Control, the Board may, in its sole discretion, without the necessity or requirement for the agreement of any

Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit (including, but not limited to those set out in (iii) and (iv) below), the vesting date of any Awards (provided, however, that no acceleration of Awards shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the TSXV is either obtained or not required); (ii) permit the conditional redemption or exercise of any Awards, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Awards, including for greater certainty by (1) permitting Participants to exercise or redeem any Awards to assist the Participants to participate in the actual or potential Change of Control, or (2) providing that any Awards exercised or exercised shall be exercisable or redeemed for, in lieu of Shares, such property (including shares of another entity or cash) that shareholders of the Company will receive in the Change of Control; and/or (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Awards not exercised or redeemed prior to the successful completion of such Change of Control. With respect to U.S. Participant, the treatment of Awards upon a Change of Control shall be provided for in the Award Agreement.

### **13.2 Non-Occurrence of Change of Control.**

In the event that any Awards are conditionally exercised pursuant to Section 13.1 and the Change of Control does not occur, the Board may, in its sole discretion, determine that any (i) Awards so exercised shall be reinstated as the type of Award prior to such exercise, and (ii) Shares issued be cancelled and any exercise or similar price received by the Company shall be returned to the Participant.

### **13.3 Agreement with Purchaser in a Change of Control.**

In connection with a Change of Control, the Board may be permitted to condition any acceleration of vesting on the Participant entering into an employment, confidentiality or other agreement with the purchaser as the Board deems appropriate.

## **ARTICLE 14 AMENDMENT AND TERMINATION**

### **14.1 Amendment and Termination.**

The Board may, at any time, suspend or terminate the Plan. Subject to compliance with any applicable law, including the rules of the TSXV, the Board may also, at any time, amend or revise the terms of the Plan and any Award Agreement. No such amendment of the Plan or Award Agreement may be made if such amendment would materially and adversely impair any rights arising from any Awards previously granted to a Participant under the Plan without the consent of the Participant or the representatives of his or her estate, as applicable. Any amendment that would cause an Award held by a Participant that is a U.S. taxpayer to fail to comply with Section 409A of the Code shall be null and void with respect to such Participant.

### **14.2 Reduction of Option Price or Grant Price.**

Disinterested shareholder approval as required by the policies of the TSXV shall be obtained for any reduction in the Option Price of an Option, the Grant Price of a SAR (subject to the approval of the TSXV) or the extension of the term any Option if the Participant is an Insider of the Company at the time of the proposed amendment.

## **ARTICLE 15 WITHHOLDING**

### **15.1 Withholding.**

The Company or any of its Affiliates shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company or the Affiliate, an amount sufficient to satisfy federal, provincial and local taxes or domestic or foreign taxes required by law or regulation to be withheld with respect to any taxable event arising from or as a result of the Plan or any Award hereunder. The Committee may provide for Participants to satisfy withholding requirements by having the Company withhold and sell Shares or the Participant making such other arrangements, including the sale of Shares, in either case on such conditions as the Committee specifies.

### **15.2 Acknowledgement.**

Participant acknowledges and agrees that the ultimate liability for all taxes legally payable by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company. Participant further acknowledges that the Company: (a) makes no representations or undertakings regarding the treatment of any taxes in connection with any aspect of the Plan; and (b) does not commit to and is under no obligation to structure the terms of the Plan to reduce or eliminate Participant's liability for taxes or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction, Participant acknowledges that the Company may be required to withhold or account for taxes in more than one jurisdiction.

## **ARTICLE 16 SUCCESSORS**

Any obligations of the Company or its Affiliates under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company or its Affiliates, respectively, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the businesses and/or assets of the Company or the Affiliate, as applicable.

## **ARTICLE 17 GENERAL PROVISIONS**

### **17.1 Delivery of Title.**

The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable law or ruling of any governmental body that the Company determines to be necessary or advisable.

### **17.2 Investment Representations.**

The Committee may require each Participant receiving Shares pursuant to an Award under the Plan to represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

### **17.3 Uncertificated Shares.**

To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis to the extent not prohibited by applicable law or the rules of the TSXV.

### **17.4 No Fractional Shares.**

No fractional Shares shall be issued or delivered pursuant to the Plan or any Award Agreement. In such an instance, unless the Committee determines otherwise, fractional Shares and any rights thereto shall be forfeited or otherwise eliminated.

### **17.5 Other Compensation and Benefit Plans.**

Nothing in the Plan shall be construed to limit the right of the Company or an Affiliate of the Company to establish other compensation or benefit plans, programs, policies or arrangements. Except as may be otherwise specifically stated in any other benefit plan, policy, program or arrangement, no Award shall be treated as compensation for purposes of calculating a Participant's rights under any such other plan, policy, program or arrangement.

### **17.6 No Constraint on Corporate Action.**

Nothing in the Plan shall be construed (i) to limit, impair or otherwise affect the Company's or its Affiliates' right or power to make adjustments, reclassifications, reorganizations or changes in its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets, or (ii) to limit the right or power of the Company or its Affiliates to take any action which such entity deems to be necessary or appropriate.

### **17.7 Compliance with Canadian Securities Laws.**

All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to an exemption from the prospectus requirements of Canadian securities laws where applicable.

### **17.8 Compliance with U.S. Securities Laws.**

All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to the registration requirements of the *U.S. Securities Act of 1933*, as amended or an exemption from such registration requirements. If the Awards or Shares are not so registered and no such registration exemption is available, the Company shall not be required to issue any Shares otherwise issuable hereunder.

## **ARTICLE 18 LEGAL CONSTRUCTION**

### **18.1 Gender and Number.**

Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

### **18.2 Severability.**

In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

### **18.3 Requirements of Law.**

The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required. The Company or an Affiliate of the Company shall receive the consideration required by law for the issuance of Awards under the Plan. The inability of the Company or an Affiliate of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company or the Affiliate to be necessary for the lawful issuance and sale of any Shares hereunder, shall relieve the Company or the Affiliate of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

### **18.4 Governing Law.**

The Plan and each Award Agreement shall be governed by the laws of the Province of Ontario excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

### **18.5 Compliance with Section 409A of the Code.**

- (a) To the extent the Plan is applicable to a particular Participant subject to the Code, it is intended that the Plan and any Awards made hereunder shall not provide for the payment of “deferred compensation” within the meaning of Section 409A of the Code or shall be structured in a manner and have such terms and conditions that would not cause such a Participant to be subject to taxes and interest pursuant to Section 409A of the Code. The Plan and any Awards made hereunder shall be administrated and interpreted in a manner consistent with this intent.
- (b) To the extent that any amount or benefit in favour of a Participant who is subject to the Code would constitute “deferred compensation” for purposes of Section 409A of the Code would otherwise be payable or distributable under the Plan or any Award Agreement by reason of the occurrence of a Change of Control or the Participant's disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless: (i) the circumstances giving rise to such Change of Control, disability or separation from service meet the description or definition of “change in control event”, “disability”, or “separation from service”, as the case may be, in Section 409A of the Code and applicable proposed or final Treasury regulations thereunder, and (ii) the payment or distribution of such amount or benefit would otherwise comply with Section 409A of the Code and not subject the Participant to taxes and interest pursuant to Section 409A of the Code. This provision does not prohibit the vesting of any Award or the vesting of any right to eventual payment or distribution of any amount or benefit under the Plan or any Award Agreement.
- (c) The Committee shall use its reasonable discretion to determine the extent to which the provisions of this Section 18.5 will apply to a Participant who is subject to taxation under the ITA.

## APPENDIX “B”

### Charter of the Audit Committee of the Board of Directors of Graphano Energy Ltd. (the “Company”)

#### 1. Audit Committee’s Charter

This Charter establishes the responsibilities of the Audit Committee (“Committee”) of the Board of Directors (“Board”) of Graphano Energy Ltd. (the “Company”). The Committee’s primary responsibility is for the oversight, integrity, and fair presentation of the Company’s financial reporting. This responsibility includes the monitoring of the Company’s systems of internal controls, risk and risk management policies, and the quality and integrity of all financial and public disclosure documents. The Committee is also responsible to act as liaison between the Board and the external auditor as well reporting on the independence and performance of the external auditor.

#### 2. Composition, Qualifications, and Authority

The Committee shall consist of a minimum of three members, all of whom shall be directors of the Company and meet the requirements for independence as defined in Multilateral Instrument 52-110 Audit Committees Members of the Committee and the Chair of the Audit Committee will be appointed by the Board for a one-year term and may serve any number of consecutive terms.

Committee members must meet the criteria for being financially literate which is defined as having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

The Committee will have the authority, independent of the Board and management, to retain counsel, advisors or consultants as required in the course of discharging its duties. The Committee will have unrestricted access to the Company’s records, full cooperation of its employees and will communicate directly with the Company’s external auditor.

#### 3. Meetings

The Committee will endeavour to meet on a quarterly basis and additional meetings will be called if deemed necessary. Members of the Committee may attend meetings by conference call. The CEO, CFO, and other directors or officers, may be invited to attend and participate in meetings at the discretion of the Committee. Minutes of the meetings are accurately recorded to reflect the business of the meeting and will detail any decisions reached.

#### 4. Duties and Responsibilities of the Committee

- (a) Review this charter on an annual basis and recommend any proposed changes to the Board for approval.
- (b) Maintain free and open communications between directors, officers, management and the external auditors of the Company.
- (c) Review and address significant matters identified during audits or quarterly reviews.
- (d) Establish procedures for the anonymous and confidential receipt and treatment of complaints or concerns received regarding accounting, internal controls, or auditing matters.
- (e) Review and assess the Company’s financial risk exposures and the controls in place to manage those risks.

- (f) Assess managements systems of internal control and financial reporting procedures to obtain reasonable assurance that such systems are reliable and operating effectively for the Company.
- (g) Review and assess any proposed changes in accounting policies or internal controls.
- (h) Review and approve for presentation to the Board and dissemination to the public, all material financial information that requires disclosure according to securities laws and stock exchange regulations. This includes quarterly and annual financial statements, management discussion and analysis, news releases or any other document containing information extracted from the financial statements.

## **5. Relationship with External Auditor**

The external auditor must report directly to the Audit Committee. The Audit Committee is responsible for overseeing the work of the external auditor engaged for preparing or issuing an auditor's report or performing other audit, review or attest services, including resolution of disagreements with management and the external auditor regarding financial reporting.

## **6. Duties of the Audit Committee concerning its Relationship with the External Auditor**

- (a) Review and discussion with the external auditor of any relationships or services that may affect the objectivity or independence of the external auditor and obtaining a written notice from the external auditor each year confirming their independence.
- (b) Establishing that the external auditor must report directly to the Audit Committee and meeting with the external auditor, independent of management, on a regular basis.
- (c) Recommending to the Board that the external auditor be nominated for the purpose of issuing an auditor's report or performing other audit or review services.
- (d) Recommending to the Board the compensation for the external auditor.
- (e) Pre-approving all non-audit services to be provided by the external auditor, together with estimated fees. Non-audit services include but are not limited to appraisal or valuation services, fairness opinions, management functions, human resources, legal services, tax planning and consulting. The Committee may delegate the authority for pre-approval of non-audit services to one or more of its independent directors but delegation may not be made to management. The pre-approval of any non-audit service by a designated independent committee member must be presented to the Audit Committee at its first scheduled meeting following the pre-approval.
- (f) Reviewing with the external auditor and if necessary, legal counsel, any matters that would have a material effect upon the financial position of the Company and the manner in which they are disclosed in the financial statements.

## **7. Procedure for Receipt of Complaints and Submissions Relating to Accounting Matters**

Any director, officer or employee who has any concern or complaint regarding accounting, internal accounting controls, questionable auditing or accounting matters or potential violations of law may make an anonymous submission to any member of the Audit Committee. All complaints or submissions, as well as the identity of the complainant will be kept confidential and a record of any complaints or submission will be kept for five years. The Audit Committee, upon receipt of a submission or complaint will discuss the matters presented and take any action that the Audit Committee might deem appropriate.

## **8. Limitation on the Oversight Role of the Audit Committee**

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives financial and other information, and the accuracy of the information provided to the Company by such persons or organizations.