

## **INFORMATION CIRCULAR**

### **As at and dated January 9, 2024**

### **(unless otherwise noted)**

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

This information circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management and the directors of Avalon Advanced Materials Inc. (the “Company”) for use at the annual and special meeting of the shareholders of the Company (the “Meeting”) to be held at 4:00 p.m. (Toronto time) on Tuesday, February 27, 2024, and at all adjournments thereof for the purposes set forth in the accompanying notice of the Meeting (the “Notice of Meeting”). The solicitation of proxies will be made primarily by mail, using notice and access for Non-registered Shareholders (as defined below), and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Company. Directors, officers and employees of the Company will not receive any extra compensation for such activities. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Company in favour of the matters set forth in the Notice of Meeting. The Company may pay brokers or other persons holding common shares of the Company (“Common Shares”) in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Information Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of the solicitation will be borne directly by the Company.

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

#### **Non-Registered Shareholders**

Only registered shareholders of the Company, or the persons they duly appoint as their proxyholder, are entitled to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “Non-registered Shareholder”) are registered either:

- (a) in the name of an intermediary (an “Intermediary”) with whom the Non-registered Shareholder deals in respect of the Common Shares (Intermediaries include, among others: banks, trust companies, securities dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or

- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited, in Canada, and the Depository Trust Company, in the United States) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") of the Canadian Securities Administrators (the "CSA"), the Company is generally required to distribute copies of the Notice of Meeting, this Information Circular and its form of proxy or voting instruction form, as applicable, (collectively the "Meeting Materials") to the Intermediaries and clearing agencies for onward distribution to Non-registered Shareholders. The Company has elected to deliver this Information Circular to Non-registered Shareholders by distributing a notification of meeting, along with the form of proxy or voting instruction form, as applicable, (together, the "Mailed Materials") to the Intermediaries and clearing agencies for onward distribution to Non-registered Shareholders, and posting this Information Circular on the website maintained by TSX Trust Company ("TSX Trust") at <https://docs.tsxtrust.com/2096>. See "Notice and Access" below for further information. Intermediaries are required to forward the Mailed Materials to Non-registered Shareholders unless the Non-registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Mailed Materials to Non-registered Shareholders. Notwithstanding the foregoing, there are two kinds of Non-registered Shareholders, namely: (i) those who object to their name being made known to the issuers of the securities they own (called "OBOs" for Objecting Beneficial Owners); and (ii) those who do not object to their name being made known to the issuers of the securities they own (called "NOBOs" for Non-Objecting Beneficial Owners). Subject to the provisions of NI 54-101, issuers can request and obtain a list of their NOBOs from Intermediaries via their transfer agents and use the NOBO list for distribution of proxy-related materials directly to NOBOs. The Company intends to take advantage of those provisions of NI 54-101 that permit it to deliver the Mailed Materials directly to its NOBOs, through TSX Trust, who have not waived the right to receive them. As a result, NOBOs in Canada can expect to receive the Mailed Materials from TSX Trust. The voting instruction forms are to be completed and returned to TSX Trust in accordance with the instructions provided by TSX Trust either in the envelope provided by TSX Trust or by facsimile. In this regard, TSX Trust is required to follow the voting instructions properly received from NOBOs. TSX Trust will tabulate the results of the voting instruction forms received from NOBOs with respect to the Common Shares represented by the voting instruction forms they receive.

The Meeting Materials are being sent to both registered shareholders and Non-registered Shareholders. If you are a Non-registered Shareholder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf.

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

Generally, OBOs who have not waived the right to receive Mailed Materials will either:

- (a) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the OBO and **returned to the Intermediary or its service company**, will constitute voting instructions which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for

the form of proxy to validly constitute a voting instruction form, the OBO must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

- (b) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the OBO but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the OBO when submitting the proxy. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and deposit it with **TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada M5H 4H1.**

The Company intends to pay for an Intermediary to deliver the Mailed Materials to OBOs.

In either case, the purpose of these procedures is to permit Non-registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-registered Shareholder), the Non-registered Shareholder should strike out the names of the persons named in the form of proxy and insert the Non-registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. **In either case, Non-registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, TSX Trust or Broadridge Financial Solutions, Inc., as applicable, including those regarding when and where the voting instruction form or the proxy is to be delivered.**

## Notice and Access

Under the notice and access rules adopted by the CSA, public companies are permitted to advise their shareholders of the availability of their information circulars on an easily-accessible website, rather than mailing paper copies.

The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and the Company's carbon footprint, and it will also reduce the Company's printing and mailing costs. The Company has therefore decided to deliver this Information Circular to Non-registered Shareholders by posting it on TSX Trust's website at <https://docs.tsxtrust.com/2096>. This Information Circular will also be available under the Company's profile on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [http://www.avalonadvancedmaterials.com/investors/regulatory\\_filings/](http://www.avalonadvancedmaterials.com/investors/regulatory_filings/). Non-registered Shareholders who wish to receive paper copies of this Information Circular may request paper copies online at <https://docs.tsxtrust.com/2096> or by calling toll-free at 1-866-600-5869 or by emailing [tsxtis@tmx.com](mailto:tsxtis@tmx.com).

Requests for paper copies must be received at least five business days in advance of the Proxy Deposit Deadline (as defined below) in order to receive this Information Circular in advance of the Proxy Deposit Deadline and the Meeting. This Information Circular will be sent to such shareholders within three business days of their request, if such requests are made before the Proxy Deposit Deadline. Those shareholders with existing instructions on their account to receive a paper copy of the Meeting Materials will receive a paper copy of this Information Circular.

Due to certain requirements of the *Canada Business Corporations Act* (the “Act”), the Company is sending a paper copy of the complete proxy package, including the Notice of Meeting, this Information Circular, and the Annual Financial Statements and related management’s discussion and analysis to registered shareholders. The Annual Financial Statements and related management’s discussion and analysis are also available under the Company’s profile on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company’s website at [http://www.avalonadvancedmaterials.com/investors/regulatory\\_filings/](http://www.avalonadvancedmaterials.com/investors/regulatory_filings/).

## Appointment and Revocation of Proxies

The persons named in the form of proxy accompanying this Information Circular are directors and/or officers of the Company. A shareholder of the Company has the right to appoint a person or company (who need not be a shareholder), other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such shareholder at the Meeting and at any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person or company to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada M5H 4H1 in time for use at the Meeting in the manner specified in the Notice of Meeting.

A registered shareholder of the Company who has given a proxy may revoke the proxy at any time prior to use by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such registered shareholder or by their attorney authorized in writing or by electronic signature or, if the registered shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the principal office of the Company, 130 Adelaide Street West, Suite 2060, Toronto, Ontario, Canada M5H 3P5, not less than 48 hours, Saturdays, Sundays and holidays in the Province of Ontario excepted, prior to the time of the holding of the Meeting or any adjournment thereof (the “Proxy Deposit Deadline”), (ii) with TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada M5H 4H1, by the Proxy Deposit Deadline, or (iii) with the Chair of the Meeting on the day of the Meeting or any adjournment thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of their attorney, as the case may be; or (c) in any other manner permitted by law including attending the Meeting in person. Late proxies may be accepted or rejected by the Chair of the Meeting in their discretion, and the Chair is under no obligation to accept or reject any particular late proxy.

A Non-registered Shareholder who has submitted a proxy may revoke it by contacting the Intermediary through which the Non-registered Shareholder’s Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies.

## Exercise of Discretion by Proxies

The Common Shares represented by an appropriate form of proxy will be voted for, against or withheld from voting, as applicable, on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions of the shareholder thereon, and if the shareholder specifies a choice on any matter to be acted upon, the Common Shares of such shareholder will be voted accordingly. **In the absence of instructions, such Common Shares will be voted FOR each of the matters referred to in the Notice of Meeting as specified thereon.**

The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof. At the date hereof, management of the Company knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matters which are not now known to management of the Company should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy therein.

## **Signing of Proxy**

The form of proxy must be signed by the shareholder of the Company or the duly appointed attorney of the shareholder of the Company authorized in writing or, if the shareholder of the Company is a corporation, by a duly authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the shareholder of the Company or in some other representative capacity, including an officer of a corporation which is a shareholder of the Company, should indicate the capacity in which such person is signing and should be accompanied by the appropriate instrument evidencing the qualification and authority to act of such person, unless such instrument has previously been filed with the Company. A shareholder of the Company or their attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of their attorney, as the case may be.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

### **Description of Share Capital**

The Company is authorized to issue an unlimited number of Common Shares without par value. There are 560,373,603 Common Shares outstanding as at January 9, 2024. Each Common Share entitles the holder thereof to one vote per Common Share.

The Company is also authorized to issue up to 25,000,000 preferred shares, in series, without par value, of which 950 have been issued and none are outstanding as at January 9, 2024.

At the Meeting, on a show of hands or a vote by ballot, every registered holder of Common Shares present in person and entitled to vote and every proxyholder duly appointed by a registered shareholder who would have been entitled to vote shall have one vote and, on a poll, every registered shareholder present in person or represented by proxy or other proper authority and entitled to vote shall have one vote for each Common Share of which such shareholder is the registered holder. Common Shares represented by proxy will only be voted if a ballot is called for. A ballot may be requested by a registered shareholder or proxyholder present at the Meeting or required because the number of votes attached to Common Shares represented by proxies that are to be voted against a matter is greater than 5% of the votes that could be cast at the Meeting.

### **Record Date**

The directors of the Company have fixed January 9, 2024 as the record date for the determination of the shareholders of the Company entitled to receive notice of, and to vote at, the Meeting. Shareholders of the Company of record at the close of business on January 9, 2024 will be entitled to vote at the Meeting.

## Ownership of Securities of the Company

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Company, other than SCR-Sibelco NV, which owns 111,486,486 common shares, which is 19.9% of the issued and outstanding common shares. The officers of the Company and the individuals nominated by management for election as directors collectively own or control, directly or indirectly, in the aggregate, 2,140,500 Common Shares, representing approximately 0.4% of the outstanding Common Shares as at January 9, 2024.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Election of Directors

The board of directors of the Company (the “Board”) currently consists of eight directors. The table below and the notes thereto state the names of the eight persons nominated by management for election as directors, all other positions and offices with the Company now held by them, their principal occupations or employment for the preceding five years, the period or periods of service as directors of the Company and the number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof.

#### *Majority Voting for Directors*

The provisions of the CBCA provide that if there is only one candidate nominated for each position available on the board, as is the case at the Meeting, each candidate is elected only if the number of votes cast in their favour represents a majority of the votes cast for and against them by the shareholders who are present in person or represented by proxy, unless the articles require a greater number of votes (which the Company’s articles do not). However, the CBCA also provides for a transitional period for any incumbent director who is not re-elected at the Meeting as a result of not receiving a majority of the votes in their favour, which permits such director to continue in office until the earlier of: (a) the 90th day after the day of the election; and (b) the day on which their successor is appointed or elected.

#### *Advance Notice By-Law*

The Company has adopted a by-law (By-Law No.2) related to the nomination of directors by shareholders of the Company in certain circumstances. By-Law No.2 provides a process for shareholders to follow for director nominations and sets out a reasonable time frame for nominee submissions and the provision of accompanying information. The purpose of By-Law No.2 is to treat all shareholders fairly by ensuring that all shareholders receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. In addition, By-Law No.2 should assist in facilitating an orderly and efficient meeting process. As of the date hereof, the Company has not received notice of any director nominations in connection with this year’s Meeting within the time periods prescribed by the advance notice provisions contained in By-Law No.2. Assuming no nominations are received by January 29, 2024, the only persons eligible to be nominated for election to the Board are the below nominees.

**Proxies received appointing directors of the Company will be voted FOR the election of each nominee named in the table below, unless a shareholder has specified in the proxy that the Common Shares are to be voted against a particular nominee named in the table below.** Management has no reason to believe that any of the nominees will be unable to serve as a director, however if a nominee is for any reason

unavailable to serve as a director, proxies appointing directors and/or officers of the Company as proxyholder will be voted in favour of each of the remaining nominees and may be voted for a substitute nominee, unless the shareholder has specified in the proxy that the Common Shares are to be voted against any remaining nominee.

Name, Province/State and Country of Residence	Position with the Company	Present Principal Occupation, Business or Employment for the Past Five Years	Director Since	Common Shares Beneficially Owned, Directly or Indirectly or Controlled or Directed*
Alan Ferry <sup>(1), (2)</sup> Ontario, Canada	Director, Chair of the Board	Self-employed businessperson; Chair, Plateau Energy Metals Inc. 2007-2021; Director, Guyana Goldfields Inc. 1998-2019.	February 24, 2000	575,000
Timothy Haig <sup>(1), (2)</sup> Ontario, Canada	Director	CEO of Valent Low-Carbon Technologies January, 2021 to present; CEO of Mara Renewable Corp. and Forge Hydrocarbon Corp. since March, 2011.	October 20, 2023	-
Jan Holland Ontario, Canada	Director, Executive Board Chair	Officer of the Company since June, 2023; prior thereto Chair & CEO, Designed Precision Castings (DP Cast) 2012-2021; director of Omni-Lite Industries Canada Inc. since December, 2021	June 2, 2023	257,000
Naomi Johnson <sup>(2)</sup> Ontario, Canada	Director	Self-employed businessperson and board director; Practice Manager- Extractives, World Bank 2022- November, 2023; Social Performance Principal, Anglo American plc, 2021-2022; prior thereto Vice President of Community Relations at Titan Mining Corporation from April 2018 to January 2019; prior thereto Partner and Senior Director, Community Relations, Barrick Gold Corporation, January 2016 to November 2017	September 10, 2019	20,000
Alec Kodatsky <sup>(1)</sup> Ontario, Canada	Director	Co-President & Founding Partner, Forthlane Partners Ltd., Toronto, since 2017.	September 5, 2023	-

Name, Province/State and Country of Residence	Position with the Company	Present Principal Occupation, Business or Employment for the Past Five Years	Director Since	Common Shares Beneficially Owned, Directly or Indirectly or Controlled or Directed*
Benny Loix Flemish Brabant, Belgium	Director	Vice President Finance - Treasurer and M&A, SCR-Sibelco NV since 2008.	September 5, 2023	-
Scott Monteith Ontario, Canada	Director, Interim CEO	Officer of the Company since May, 2023; Chair of Monteco Ltd. since 1995, Cable House Capital Ltd. since 2020 and Imtex Membranes Corporation since 2008.	April 28, 2023	-
Harvey L. A. Yesno Ontario, Canada	Director	Self-employed businessperson; Chief of the Eabametoong First Nation 1991-2021	December 29, 2021	-
<p>Notes:</p> <p>* As provided by the respective director as at January 9, 2024.</p> <p>(1) Member of the Company's Audit Committee.</p> <p>(2) Member of the Company's CGN Committee.</p>				

Each director elected at the Meeting will hold office until the next annual general meeting or until their successor is duly elected or appointed.

No proposed director (including any personal holding company of a proposed director):

- (a) is, as at the date of this Information Circular, or has been, within the preceding 10 years, a director, CEO (as defined herein) or CFO (as defined herein) of any company (including the Company) that:
- (i) was the subject of a cease trade or similar order (including a management cease trade order whether or not such person was named in the 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 director, CEO or CFO; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;
- (b) is, as at the date of this Information Circular, or has been, within the preceding 10 years, 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, other than Mr. Monteith, who was a director and officer of Alfacon Solutions Limited, made an assignment in bankruptcy in 2018; or

- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to:
  - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
  - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## 2. Appointment of Auditors

Ernst & Young LLP, Chartered Professional Accountants have been the auditors of the Company since August 31, 2017.

Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution to appoint Ernst & Young, LLP to serve as auditors of the Company until the next annual general meeting of shareholders and to authorize the directors of the Company to fix their remuneration. An ordinary resolution is a resolution passed by at least a majority (50%+1) of the votes cast by shareholders who voted by proxy or in person in respect of that resolution at the Meeting.

The Board unanimously recommends that shareholders vote FOR the ordinary resolution to appoint the auditors and authorize the directors to fix their remuneration. **Unless a shareholder directs that their Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Ernst & Young LLP, to serve as auditors of the Company until the next annual general meeting of the shareholders and to authorize the directors to fix their remuneration.**

## 3. Approval of Amendment to the Deferred Share Unit (“DSU”) Plan

### *Matters to be Approved*

On January 9, 2024, the Board approved an amendment to the Company’s Deferred Share Unit (“DSU”) plan to increase the maximum number of Common shares issuable under the Plan from 1,750,000 to 5,000,000 (the “DSU Amendment”).

Given the increased size of the Board and the increased level of business activity, the Company believes that it needs to increase the available number of DSUs in order to appropriately compensate existing directors as well as attract new ones. As of the date of this Information Circular, 1,535,000 DSUs are outstanding under the DSU Plan.

Regardless of the fixed maximum DSUs which may be issued, the maximum number of Common Shares issuable from treasury under the DSU Plan, and any other equity compensation arrangement of the Company, remains capped at 10% of the Company's issued and outstanding Common Shares.

Shareholders are being asked to ratify and approve the DSU Amendment at the Meeting, which resolution (the "DSU Amendment Resolution") must be approved by a majority (50%+1) of the votes cast by shareholders voting in person or by proxy at the Meeting.

Pursuant to the provisions of the Act, in the event the DSU Amendment Resolution is not approved by the shareholders at the Meeting, the DSU Amendment will no longer be in effect following the close of the Meeting, and the previous limit of 1,750,000 will continue in effect as it was prior to the DSU Amendment.

The Board unanimously recommends that shareholders vote FOR the following ordinary resolution (the "DSU Amendment Resolution"), with or without variation, to approve the DSU Amendment. **Unless a shareholder directs that their Common Shares are to be voted against the DSU Amendment Resolution, the persons named in the enclosed form of proxy intend to vote FOR the following DSU Amendment Resolution:**

"BE IT RESOLVED THAT:

1. The amendment to increase the maximum number of Common Shares issuable under the DSU Plan to 5,000,000 is hereby approved.
2. Any one director or officer of the Company is hereby authorized and directed 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 to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolutions."

#### **4. Approval of Amendment to Articles of Continuance**

On January 9, 2024, the Board approved an amendment to the Company's Articles of Continuance to increase the maximum number of directors from 9 to 12 (the "Articles Amendment"). Given the increased level of diverse business activities, the Company believes that increasing the size of the Board may be beneficial for the Company. Shareholders are being asked to ratify and approve the Articles Amendment at the Meeting, which resolution (the "Articles Amendment Resolution") must be approved by a majority (50%+1) of the votes cast by shareholders voting in person or by proxy at the Meeting.

Pursuant to the provisions of the Act, in the event the Articles Amendment Resolution is not approved by the shareholders at the Meeting, the Articles Amendment will no longer be in effect following the close of the Meeting, and the previous Articles of Continuance will continue in effect as they were prior to the Articles Amendment.

The Board unanimously recommends that shareholders vote FOR the Articles Amendment Resolution, with or without variation, relating to the Articles Amendment. **Unless a shareholder directs that their Common Shares are to be voted against the Articles Amendment Resolution, the persons named in the enclosed form of proxy intend to vote FOR the following Articles Amendment Resolution:**

"BE IT RESOLVED THAT:

1. The amendment to the Articles of Continuance of the Company to increase the maximum number of directors from 9 to 12, is hereby approved, ratified and confirmed as the current Articles of Continuance of the Company.

2. Any one director or officer of the Company is hereby authorized and directed 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 to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolution.”

## **5. Receipt of Financial Statements**

At the Meeting, the Chair of the Meeting will receive the Annual Financial Statements, which have been approved by the Board. No vote of the shareholders of the Company is required with respect to this item of business.

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

The management knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. However, if other matters not known to the management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

## **STATEMENT OF EXECUTIVE COMPENSATION**

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

For the purposes of this Information Circular, a named executive officer (“Named Executive Officer”) of the Company means each of the following individuals:

- (a) a chief executive officer (“CEO”) of the Company;
- (b) a chief financial officer (“CFO”) of the Company;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 - *Statement of Executive Compensation*, for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the financial year.

For the financial year ended August 31, 2023, the Company had five Named Executive Officers: namely, its Interim CEO (Scott Monteith), its CFO, Corporate Secretary and Vice President, Finance (R. James Andersen), its President (Zeeshan Syed), its Executive Chair (Jan Holland) and its former President and CEO (Donald S. Bubar).

## B. Compensation Discussion and Analysis

### *Compensation, Governance and Nominating Committee*

The CGN Committee of the Board is responsible for making recommendations to the Board with respect to the compensation of the executive officers of the Company as well as, among other things, awards pursuant to the Stock Option Plan, the Restricted Share Unit Plan (“RSU Plan”) and the Deferred Share Unit Plan (“DSU Plan”) and any other employee benefits and/or plans and with respect to directors’ compensation. The Board (exclusive of the CEO, who is also a member of the Board) reviews such recommendations and gives final approval to the compensation of the executive officers. See also “Schedule A - Corporate Governance Disclosure” appended to this Information Circular.

The CGN Committee currently consists of Naomi Johnson (Chair), Alan Ferry and Timothy Haig, each of whom are independent, within the meaning of National Instrument 52-110 - *Audit Committees*. Each of Ms. Johnson, Mr. Ferry and Mr. Haig has direct and extensive experience in corporate management and compensation issues in either the mining industry and/or the financial industry. Ms. Johnson is a global CSR executive, international development specialist and a lawyer, lending a diverse and holistic perspective to developing leading-edge approaches to stakeholder risk and impact management across the private, public and not for profit sectors. Ms. Johnson is currently Practice Manager - Extractives Unit, The World Bank, prior thereto was a Social Performance Principal, Anglo American plc, from 2021-2022, prior thereto she held the position of Vice President of Community Relations at Titan Mining Corporation. Prior to this she worked for Barrick Gold Corporation from 2008 to 2017. The last position she held at Barrick was that of Partner and Senior Director of Community Relations. She has also worked for HATCH as Regional Practice Lead for the Americas - Social Impact. Mr. Ferry holds a Chartered Financial Analyst designation and was a member of the committee responsible for compensation matters of Plateau Energy Metals Inc., which was a publicly listed mineral exploration company and Guyana Goldfields Inc., which was a publicly listed gold mining company. Mr. Haig is currently the CEO and founder of FORGE Hydrocarbon Corporation. He has raised over \$500m in growth capital for several companies both public and private, and holds expertise in industrial process optimization, early-stage financing and technology scaleup. He also served as a board member and interim CEO of GreenMantra Technologies from 2013-15, where he raised capital to commercialize the company’s molecular recycling technology that transforms plastics into specialty polymer additives for industrial applications. Prior to that, Mr. Haig was co-founder of BIOX Corp., a renewable fuels company that was founded on a technology developed at the University of Toronto. The executive successfully took an idea from lab patent in 2000 to a public company in 2010. Mr. Haig subsequently helped take BIOX Corp. private in 2017, merging the enterprise with the second-largest renewable fuels producer in North America. Mr. Haig holds an industrial engineering degree (PEng.) from the Royal Military College of Canada, and Master of Business Administration (MBA) from London City University. He served for more than a decade in the Canadian Armed Forces and the Canadian Special Operations Forces Command, in various officer positions. This experience relating to executive compensation matters collectively provides members of the CGN Committee with a suitable perspective to make decisions on the appropriateness of the Company’s compensation policies and practices.

The CGN Committee has not, to-date, felt it necessary to engage any compensation consultant or advisor to assist it in the performance of its duties.

### *Compensation Objectives and Structure*

The overall compensation objective adopted by the CGN Committee is to ensure that executive compensation is fair and reasonable, rewards management performance and is, by being competitive,

sufficient to attract and retain experienced and talented executives. Due to the nature of the mineral industry, executive talent has significant mobility and, as a result, competition for experienced executives in the past has been strong. The Company's compensation policies are designed to recognize this. The foregoing objective also recognizes the fundamental value added by a motivated and committed management team in accomplishing the Company's principal corporate objectives.

The compensation provided by the Company to its executive officers, including the CEO, is comprised of three components: base salary, bonuses and long-term incentive compensation in the form of stock options and restricted share units ("RSUs"). See "Summary of the Stock Option Plan" and "Summary of the RSU Plan" below.

Bonus compensation is a cash component of management compensation in order to permit the recognition of outstanding individual efforts, performance, achievements and/or accomplishments by members of the Company's management team. Any specific bonus amounts are awarded on the recommendation of the CGN Committee and ultimately at the discretion of the Board, with bonus amounts for members of the Company's management team, other than the CEO, being based primarily on the recommendations of the CEO. The appropriateness and amount of any bonuses to the CEO and/or management team members has to date been considered annually by the CGN Committee and Board on a discretionary basis as no formal bonus plan based on quantitative and/or qualitative benchmarks has been established for the Company as yet given the size and stage of the Company, although certain management employment agreements contain target bonus percentages ranging from 30-50% of base salary.

Base salary is the principal component of each executive officer's overall compensation and reflects the fixed component of pay that compensates the relevant executive officer for fulfilling their day-to-day roles and responsibilities. The CGN Committee has typically, in the past, reviewed the base salary levels, considered the individual performance of the CEO and of each other executive officer and compared executive compensation for other companies operating in the mineral industry.

Recently, however, the overall financial condition of the Company and the overall depressed nature of the junior resource sector in Canada and elsewhere has significantly factored into the setting of the cash remuneration levels of the Company's senior management and, in particular, has resulted in there being no or minimal increases in the cash remuneration of senior management in recent years (see "Base Salary and Bonus" below). Given the nature of the Company as an exploration and development stage resource company without existing mineral production and without any attendant revenues derived thereon, compensation has in the past been generally based on comparative, qualitative or subjective measures, rather than quantitative benchmarks. No specific benchmarks, weights or percentages are assigned to any of the measures or objectives upon which the executive compensation is generally based.

Annual salary adjustments, if any, have historically been made on a calendar year basis, typically being determined towards the end of each calendar year and made effective January 1 of the following year.

### *Compensation Risk Management*

The CGN Committee evaluates the risks, if any, associated with the Company's compensation policies and practices. Implicit in the mandate of the Board is that the Company's policies and practices respecting compensation, including those applicable to the Named Executive Officers, be designed in a manner which is in the best interests of the Company and its shareholders.

In particular, the Company's executive compensation policies incorporate a balanced compensation program design (see "Compensation Objectives and Structure") and include elements of fixed and variable compensation as well as short and longer term incentives.

The base salary component of the compensation provided by the Company to its executive officers is set annually. The bonus component of the compensation provided by the Company to its executive officers in the past has been discretionary, is currently based on qualitative or subjective measures rather than quantitative benchmarks and is subject to the prior approval of the CGN Committee, although certain management employment agreements contain target bonus percentages ranging from 30-50% of base salary. Discretionary assessment of the performance of executive officers by the Committee ensures that bonus awards align with both perceived and actual performance and the risks associated with such performance and any bonus award.

The stock option and RSU component of the compensation provided by the Company to its executive officers is both "longer term" and "at risk" and, accordingly, is directly linked to the achievement of longer-term value creation. Since the benefits of such compensation, if any, are generally not realized by the executive officers until a significant period of time has passed and that there are typically deferred vesting provisions attached to each option and RSU grant (see "Summary of the Stock Option Plan" and "Summary of the RSU Plan" below), the incentive for executive officers to take inappropriate or excessive risks with regard to their compensation that are financially beneficial to them at the expense of the Company and its shareholders is limited.

The CGN Committee believes that it is unlikely that an executive officer would take inappropriate or excessive risks at the expense of the Company and its shareholders that would be beneficial to them with regard to their short term compensation when their longer term compensation might be put at risk from their actions. Due to the size of the Company, the CGN Committee is able to monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information relating to the Company are reviewed, and which includes senior executive compensation. The CGN Committee has not identified any risks arising from the Company's compensation policies and practices that it believes would be reasonably likely to have a material adverse effect on the Company.

Although the Company has not as yet adopted any specific policies in this regard, in the event that a director or an executive officer purchases financial instruments that are designed to hedge or offset a decrease in the market value of the Company's equity securities granted as compensation or held, directly or indirectly, by the director or the executive officer, such purchases must be disclosed in insider reporting filings. To date, no such purchases have been disclosed by any director or executive officer of the Company.

### *Base Salary and Bonus*

The CGN Committee, in respect of the setting of salaries for the Named Executive Officers for 2023, recommended to the Board and the Board determined that there would be no salary increase for the existing Named Executive Officers in calendar 2023. This determination recognized the then-current financial situation of the Company and the overall depressed nature of the junior resource sector in Canada.

Discretionary bonuses were awarded in November, 2023 to certain Named Executive Officers of the Company for fiscal 2023, ranging in the target guidelines of 30-50% of base salary, and prorated based on any partial years of service. These bonuses were settled in December, 2023 with the issuance of RSUs equal to the amount of the bonuses.

## *Stock Options and RSUs*

The CGN Committee is of the view that the granting of options and RSUs is an appropriate method of providing long term incentives to senior management of the Company and, in general, aligns the interests of senior management with those of the shareholders by enabling senior management to participate in and be rewarded by an increase in the market price of the Common Shares. Participation in the Stock Option Plan and the RSU Plan also provides a significant incentive to the participants to enter into and subsequently to continue their employment with the Company, particularly when the Company may not have the financial resources and/or pension and other benefit plans to attract and retain experienced personnel. In addition, the CGN Committee is of the view that the Company's compensation mix must be consistent with industry norms which supports the provision by the Company of a longer-term compensation incentive. This longer-term compensation incentive is best realized by providing compensation linked to share price performance such as options and RSUs. The number and terms of options and RSUs previously granted to the Named Executive Officers have been and are expected to continue to be taken into account, as well as the number and terms of options and RSUs granted by peer group companies in determining whether and in what quantity new option and RSU grants should be made in any year. Also, additional options and RSUs have been granted to members of senior management in lieu of receipt by them of certain specified cash salary amounts (see "Base Salary and Bonus" above).

The Company's current objective under the Stock Option Plan is to allot to the CEO options to purchase 3,000,000 Common Shares, to the CFO and Senior Vice Presidents options to purchase 2,000,000 Common Shares and to officers at the Vice President level options to purchase 1,500,000 Common Shares. The foregoing allotments do not include any additional options granted to the Named Executive Officers (see "Base Salary and Bonus" above).

The Company typically grants one fifth of an employee's option allotment on an annual basis. The methodology applied by the Company permits exceptions to be made, for example, to recognize exceptional employee contributions and to permit flexibility in negotiating employment contracts.

The Company's current objective under the RSU Plan is to award such RSUs to the officers and employees on an annual basis as is commensurate with their contributions to the Company and overall Company performance. However, during fiscal 2023 the Company was in negotiations which could have led to a joint venture which would have been considered a material event. The CGN Committee reasoned that a trading blackout could be called at any time during the period and chose to delay any RSU awards until fiscal 2024.

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

As noted below under the heading "Employment Contracts", there are certain circumstances that trigger payments and other benefits to the CEO upon termination and change of control. The CGN Committee views such provisions as not only being fair and necessary to protect the CEO, but also to encourage the CEO to pursue those transactions such as mergers or takeovers that are beneficial to the Company and its shareholders, even though such transaction may result in the termination of the CEO's employment with the Company.

## *Summary of the Stock Option Plan*

The Company's Stock Option Plan is a fixed percentage plan that provides that the maximum number of Common Shares issuable from treasury under the Stock Option Plan, and any other equity compensation arrangement of the Company, is 10% of the Company's issued and outstanding Common Shares.

Participants under the Stock Option Plan include insiders or employees of the Company or any of its subsidiaries, and any other person or company engaged to provide ongoing management, consulting or advisory services to the Company.

The Company's Stock Option Plan was last approved by shareholders on February 25, 2020. On December 1, 2020, the Board approved certain amendments to the Stock Option Plan to reflect the adoption of the Company's new RSU Plan and DSU Plan, to amend certain definitions to be consistent with those plans, and to amend the blackout period extension to ten (10) days to be consistent with amendments to the Company's Insider Trading Policy.

The following is a summary of the key provisions of the Stock Option Plan. Capitalized terms not defined in this Information Circular and used in this summary are defined in the Stock Option Plan, which is available under the Company's profile on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

### Purpose

The Stock Option Plan has been established as a means of compensating Eligible Persons (as defined below) for their contributions to the performance of the Company. The Stock Option Plan is intended to:

- (a) provide an incentive to Eligible Persons to further the development, growth and profitability of the Company; and
- (b) assist the Company in retaining and attracting Eligible Persons with experience and ability.

### Eligibility

Generally, a right to purchase Common Shares pursuant to the terms of the Stock Option Plan may be granted to an "Eligible Person", which includes any insider or employee of the Company or any of its subsidiaries, and any other person or company engaged to provide ongoing management, consulting or advisory services to the Company.

### Administration

The Stock Option Plan is administered under the direction of the Board. The Board has full and complete authority to interpret the Stock Option Plan and to prescribe such rules and regulations and make such other determinations, as it deems necessary or desirable to meet the objectives of and to administer the Stock Option Plan. The Board shall, in its discretion, subject to the terms and conditions of the Stock Option Plan, designate, from among the Eligible Persons, those to whom and when options shall be granted, the number of Common Shares to be subject to each option, the exercise price for each option, the period during which the same may be exercised, the vesting period, if any, for such option(s) and the other terms and conditions attached thereto.

### Common Shares Issuable Under the Stock Option Plan

The maximum aggregate number of Shares which may be issuable pursuant to the exercise of Options granted under the Stock Option Plan, when combined with any other share compensation arrangement of the Company, shall not exceed ten percent (10%) of the outstanding Common Shares. The maximum number of Common Shares that: (i) are issued to Insiders of the Company within any one year period; and (ii) are issuable to Insiders of the Company at any time, under the Stock Option Plan or when combined with all of the Company's other security based compensation arrangements, cannot exceed ten percent



(10%) of the issued and outstanding Common Shares. All Common Shares subject to options that have been exercised or that have expired or have been otherwise terminated or cancelled without having been exercised shall be available for issuance pursuant to the exercise of any subsequent options granted under the Stock Option Plan.

#### Grant of Options

Any Eligible Person to whom options are granted under the Stock Option Plan (an “Option Participant”) at the time of the grant of an option, may hold more than one option. The grant of each option shall be evidenced by an agreement between the Company and the Option Participant setting forth the number of Common Shares covered by such option, the exercise price, the option period and any other terms and conditions attaching thereto.

#### Exercise Price

The exercise price for the Common Shares of an option must not be less than the market price at the time an option is granted. The market price is the closing price of the Common Shares on the Toronto Stock Exchange (“TSX”) on the trading day prior to the date of the grant of the option, provided that if there is no closing price on such trading day, market price shall mean the most recent closing price for the Common Shares on the TSX prior to the date of grant.

#### Term of Options

Each option shall be exercisable during a period established by the Board, but in no circumstances shall the term of the option exceed 10 years.

#### Exercise of Option

An option may be exercised at any time, or from time to time, during its terms as to any number of whole Common Shares, which are then available for purchase, provided that no partial exercise may be for less than 100 Common Shares. An Option Participant electing to exercise an option shall give written notice of the election to the Company, together with the aggregate amount to be paid for the Common Shares to be acquired pursuant to the exercise of an option, by cheque or bank draft payable or such other form or manner of payment acceptable to the Company.

#### Restrictions as to Date of Exercise/Vesting

Unless otherwise decided by the Board or a committee thereof, no option may become exercisable until three months for persons providing management, consulting or advisory services to the Company and 12 months for all other Eligible Persons from the date such option was granted.

#### Blackout Periods

No option shall terminate and cease to be exercisable prior to the tenth business day following a trading blackout then in effect and, if a trading blackout is not then in effect, prior to the tenth business day following cessation of the most recent trading blackout.

#### Retirement, Disability or Death of Option Participant

Unless otherwise decided by the Committee, the following rules shall apply:

- (a) in the event of the retirement, disability or death of an Option Participant, the options held by such Option Participant shall remain exercisable by such Option Participant or by such Option Participant's legal representative(s) until the earlier of: (i) 12 months after the effective date of retirement, disability or death; and (ii) the expiry of the exercise period of such options and, to the extent not exercised within the aforesaid period, shall terminate; and
- (b) in the event that the Option Participant ceases to be an Eligible Person for any reason other than retirement, disability or death, any options held by such Option Participant will expire on the day of termination, unless otherwise specifically provided in any severance or termination arrangements entered into by the Option Participant and the Company.

### Adjustments

If the number of outstanding Common Shares is increased or decreased as a result of a stock split, consolidation or reclassification, or if other changes with respect to the Common Shares shall occur, other than as a result of the issuance of Common Shares for fair value, or if additional Common Shares are issued pursuant to a stock dividend, or in the event of a merger, amalgamation or reorganization, then the number of and/or price payable for Common Shares subject to any unexercised options shall be adjusted in accordance with applicable law and in such manner as the Board shall deem proper to preserve the rights of the Option Participants under the Stock Option Plan substantially proportionate to those existing prior to such change or event.

### Assignment of Options

No option or any interest therein shall be transferable or assignable by the Option Participant otherwise than by will or pursuant to the laws of succession and no option may be exercised by anyone other than by the Option Participant or the Option Participant's legal representative(s).

### Stock Appreciation Rights

The Company may grant stock appreciation rights to Option Participants. The benchmark number of Common Shares specified in the relevant stock appreciation rights agreement (a "Rights Agreement") shall be deemed to be the number of Common Shares reserved for issuance thereunder for purposes of that section. A stock appreciation right shall entitle the Option Participant to receive from the Company the number of Common Shares, disregarding fractions, having an aggregate value equal to the excess of the "value of a Common Share" over the "amount per Common Share" specified in the relevant Rights Agreement times the number of Common Shares with respect to which the stock appreciation right is being exercised. For purposes of the preceding sentence, the "amount per Common Share" shall not be less than the market price at the date of the grant of the relevant underlying option or stock appreciation right while "the value of a Common Share" shall be determined for these purposes based on the five-day volume weighted average trading price ("VWAP") of the Common Shares preceding the date the notice of the exercise of the stock appreciation right is received by the Company.

Any option granted under the Stock Option Plan may include a stock appreciation right, either at the time of grant or by amendment adding it to an existing option; subject, however, to the grant of such stock appreciation right being in compliance with the regulation and policies of the applicable regulatory authorities. To the extent a stock appreciation right included in or attached to an option granted is exercised, the option to which it is included or attached shall be deemed to have been exercised to a similar extent.

The provisions of the Stock Option Plan respecting the exercise of options and the adjustments to options arising from certain corporate actions shall apply *mutatis mutandis* to all stock appreciation rights granted.

#### Takeover Bids

If a person (an “Offeror”) makes a formal bid (as defined in the *Securities Act* (Ontario)) for Common Shares (an “Offer”) then:

- (a) all unvested options will become vested and exercisable, despite any vesting schedule applicable to any unexercised options; and
- (b) the Company will give each Option Participant currently holding an option written notice of the number of options eligible for exercise by the optionee.

Following the Company’s notice, an Option Participant may exercise their option in whole or in part so as to permit each Option Participant to tender the Common Shares received on exercise (the “Optioned Shares”) pursuant to the Offer. If:

- (a) the Offer is not completed within the time specified in the Offer; or
- (b) the Option Participant does not tender the Optioned Shares pursuant to the Offer; or
- (c) the Offeror does not take up and pay for all of the Optioned Shares tendered by the Option Participant pursuant to the Offer.

Then certain provisions, as set out in the Stock Option Plan, apply to the Option Participant and the Optioned Shares.

#### Substitution Events

In the event of a change of control pursuant to which the Common Shares are converted into, or exchanged for, other property, whether in the form of securities of another company or otherwise (a “Substitution Event”), then any surviving or acquiring entity must substitute or replace similar options for those options that remain outstanding and unexercised under the Stock Option Plan on the same terms and conditions as the Stock Option Plan and the applicable option agreement (the “Substituted Options”), except that the terms shall include the right to acquire on exercise the same form of consideration paid to the holders of Common Shares in the transaction effecting the Substitution Event. The amount of such consideration that a Substituted option will entitle the Option Participant to acquire following the Substitution Event shall be that amount that an Option Participant would have obtained had such Option Participant exercised the option immediately prior to the Substitution Event with the result that Common Shares received on such exercise would have been subject to the Substitution Event. The exercise price for a Substituted Option following the Substitution Event shall be the amount as the Board may determine as would provide the Option Participant with an equal economic result (assuming the Option Participant exercised the Substituted Option immediately after the Substitution Event but not at any later time) as the Option Participant would have obtained had such Option Participant exercised the option immediately prior to the Substitution Event.

#### Amendments to the Stock Option Plan

The amendment procedures state the type of modifications to the Stock Option Plan or to the terms and conditions of an outstanding option that must specifically be approved by the holders of the Common Shares, namely:

- (a) amendments to reduce the exercise price of an option held by an Option Participant either directly or indirectly by means of the cancellation of an option and the reissue of a similar option and, for so long as the Common Shares are listed on the TSX, “disinterested Shareholder approval” (as that term is used in the policies of the TSX) shall be required for any amendment of an option which reduces the exercise price of an option held by an Option Participant, if at the time of the proposed amendment the Option Participant is an Insider of the Company;
- (b) amendments that extend the period available to exercise an option beyond the expiry of the original exercise period of such option;
- (c) amendments that increase the number of Common Shares reserved for issuance under the Stock Option Plan;
- (d) amendments to amend the provisions dealing with restrictions on transfer of options in the Stock Option Plan;
- (e) amendments that materially modify the requirements as to eligibility for participation in the Stock Option Plan;
- (f) amendments that add any form of financial assistance and, if applicable, any amendment to any existing financial assistance provision which is more favourable to Option Participants; and
- (g) amendments that otherwise require approval by the shareholders (or disinterested shareholders as the case may be) in accordance with the requirements of the TSX or any applicable regulatory authority.

Except as listed above, the Board may from time to time in its absolute discretion amend, modify or change the terms and provisions of the Stock Option Plan (including the form of the option agreement) and/or any option provided that any such amendment, modification and/or change shall be subject to any required approvals of any applicable regulatory authority. Without limiting the generality of the foregoing, the Board may make certain amendments, modifications and/or changes to the Stock Option Plan as outlined in the Stock Option Plan, without seeking shareholder approval, including any amendment to the vesting provisions of the Stock Option Plan or any option, any amendment to the termination provisions of any option, whether or not such option is held by an insider, provided such amendment does not entail an extension of the expiry date beyond the original expiry date and the addition or modification of a cashless exercise feature, payable in cash or Common Shares, which provides for a deduction of the number of Common Shares reserved for issuance pursuant to the Stock Option Plan equal to the number of Common Shares that would otherwise have been issuable upon the exercise of the relevant option.

Except as listed above, the Board or the CEO of the Company together with the CFO of the Company, with the consent of the affected optionee, but subject to the terms and conditions of the Stock Option Plan and any approvals required by any applicable regulatory authority, may from time to time amend the terms and conditions of any option which has been granted.

### *Summary of the DSU Plan*

The DSU Plan provides for the grant of deferred share units (“DSUs”) to directors of the Company (“DSU Participants”), and was approved by shareholders on February 25, 2021. As the DSU Plan has a fixed maximum number of Common Shares which may be issued in connection with the redemption of DSUs granted under the DSU Plan, re-approval of the unallocated options, rights or other entitlements under the DSU Plan by the Company’s shareholders is not required.

The following is a summary of the DSU Plan. Capitalized terms not defined in this Information Circular and used in this summary are defined in the DSU Plan.

## Purpose

The purpose of the DSU Plan is to provide for the acquisition of DSUs by directors for the purpose of advancing the interests of the Company through the motivation, attraction and retention of directors of the Company, and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of DSUs by directors, it being generally recognized that deferred share unit plans aid in attracting, retaining and encouraging directors due to the opportunity offered to them to acquire a proprietary interest in and participate in the long-term success of the Company, while promoting greater alignment of the interests of the directors and the shareholders of the Company.

## Administration

The DSU Plan is administered by the Board. The Board has the authority to delegate to any director, officer, employee or a committee of the Board such powers and duties as the Board sees fit.

## Participation Limits

Subject to adjustment in accordance with the terms of the DSU Plan, the maximum number of Common Shares which may be issued in connection with the redemption of DSUs granted under the DSU Plan shall be 5,000,000 Common Shares, which represents approximately 0.9% of the number of Common Shares issued and outstanding as of January 9, 2024.

In addition, the maximum number of Common Shares which may be: (i) issued to Insiders of the Company within any one year period; or (ii) issuable to Insiders of the Company, at any time, under the DSU Plan, when combined with all of the Company's other security based compensation arrangements, shall be 10% of the total issued and outstanding Common Shares from time to time,

## Adjustments

The maximum number of Common Shares issuable under the DSU Plan and/or all DSUs outstanding shall be adjusted in accordance with the DSU Plan in the case of subdivisions, redivision, consolidations, other capital reorganizations or other changes affecting the Common Shares.

## Awards

Directors are permitted to elect in each financial year to receive their respective director's retainer in cash, DSUs or a combination thereof (which retainer, for the purposes of the DSU Plan, does not include committee member/chair retainers, Board or committee meeting fees, or special remuneration for ad hoc services rendered to the Board). The number of DSUs granted to a director electing to receive their retainer in DSUs is determined based on the five-day VWAP of the Company's Common Shares on the TSX (or such other applicable stock exchange) prior to the date the DSUs are awarded, which will be on the last day of November, February, May and August.

In addition, the Board may grant discretionary awards of DSUs to directors of the Company from time to time, subject to such vesting, performance criteria, or other terms and conditions as the Board may prescribe.

DSUs are not transferable or assignable (except to a DSU Participant's estate as provided in the DSU Plan). Unless otherwise determined by the Board, or as otherwise provided in the DSU Plan, any DSUs which have not vested on the Separation Date of a DSU Participant (described below) shall be cancelled.

As of the date of this Information Circular, 1,535,000 DSUs are outstanding under the DSU Plan.

### Dividends

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on Common Shares, the Board may elect to credit each DSU Participant with additional DSUs.

### Redemptions

The Board may elect to issue cash or Common Shares, or any combination thereof, to redeem DSUs owned by a DSU Participant within fifteen (15) days of the DSU Participant's "Redemption Date". Where the Board does not specify a payment method, the form of payment shall be in cash.

A Redemption Date is up to two dates selected by a DSU Participant for the redemption of DSUs following their Separation Date, provided that in no event shall a DSU Participant be permitted to elect a date which is earlier than the sixtieth (60th) day following the Separation Date or later than December 15 of the calendar year following the calendar year in which the Separation Date occurs.

The "Separation Date" of a DSU Participant means the later of: (i) the date upon which the DSU Participant ceases providing services to the Company in any capacity; and (ii) the date upon which the DSU Participant gives or receives notice of Termination.

"Termination" means: (i) the removal of or failure to re-elect or re-appoint the DSU Participant as a Director of the Company or an affiliate or Resignation; (ii) in the case of a DSU Participant who is also an employee of the Company, the termination of the employment of the DSU Participant, with or without cause, by the Company or an affiliate, regardless of whether such termination was lawful or unlawful, or Resignation; or (iii) in the case of a DSU Participant who is also an officer of the Company, the removal of or failure to re-elect or re-appoint the DSU Participant as an officer of the Company or an affiliate or Resignation; in each case, other than due to the death or Disability of a DSU Participant.

"Resignation" means the cessation of Board membership or, in the case of a DSU Participant who is also an officer or employee of the Company, the cessation of employment of a DSU Participant with the Company or an affiliate as a result of resignation.

The number of Common Shares issued to a DSU Participant on each Redemption Date will be equal to the number of DSUs that the DSU Participant is entitled to redeem in Common Shares on such Redemption Date less the number of Common Shares required to pay any applicable withholding taxes. Fractional Common Shares shall not be issued, but the DSU Participant will receive the equivalent value of such fractional Common Share in cash, less any applicable withholding taxes. Where the Board elects to redeem a DSU Participant's DSUs in cash, the cash payment will be based on the five-day VWAP of the Company's Common Shares on the TSX prior to the Redemption Date, less any applicable withholding taxes.

In the event of the death or disability of a DSU Participant, provided that an election of a Redemption Date has not been made, the Company shall make a payment in cash or issue Common Shares, or use a combination of such payment methods, as elected by the Board, within fifteen (15) days of the DSU Participant's death or Disability or by the last day of the calendar year commencing immediately after the DSU Participant's Separation Date, if earlier, in each case to or for the benefit of the DSU Participant or the beneficiary of the DSU Participant, as applicable.

### Amendment, Suspension or Termination of the DSU Plan

The Board may, in its sole discretion, at any time and from time to time: (i) amend or suspend the DSU Plan in whole or in part, (ii) amend or discontinue any DSUs granted under the DSU Plan, and (iii) terminate the DSU Plan, without prior notice to or approval by any DSU Participants or shareholders of the Company, except as provided below.

No amendment to the following provisions of the DSU Plan shall be effective unless the Company has obtained the approval of its shareholders in accordance with the rules and policies of any stock exchange upon which the Common Shares are listed from time to time:

- (a) the number of Common Shares reserved for issuance under the DSU Plan (including a change from a fixed maximum number of Common Shares to a fixed maximum percentage of Common Shares);
- (b) the definition of “Participant” or the eligibility requirements for participating in the DSU Plan, where such amendment would have the potential of broadening or increasing Insider participation;
- (c) the extension of any right of a DSU Participant under the DSU Plan beyond the date on which such right would originally have expired, which benefits an Insider of the Company;
- (d) any amendment to permit DSUs to be transferred other than for normal estate settlement purposes;
- (e) change in the Insider participation limits of the DSU Plan which would result in shareholder approval being required on a disinterested basis; or
- (f) the amendment provisions of the DSU Plan.

### *Summary of the RSU Plan*

The Company’s RSU Plan is a compensation plan that provides for the grant of RSUs to directors, senior officers and key employees of the Company (“RSU Participants”). The RSU Plan was approved by shareholders on February 25, 2021.

The following is a summary of the key terms of the RSU Plan. Capitalized terms not defined in this Information Circular and used in this summary are defined in the RSU Plan which is available under the Company’s profile on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

### Purpose

The purpose of the RSU Plan is to provide for the award of RSUs to directors, senior officers and key employees of the Company for the purpose of advancing the interests of the Company through the motivation, attraction and retention of such individuals of the Company, and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of RSUs by such individuals, it being generally recognized that restricted share unit plans aid in attracting, retaining and encouraging directors, senior officers and key employees due to the opportunity offered to them to acquire a proprietary interest in and participate in the long term success of the Company, while promoting a greater alignment of interests between its directors, senior officers, key employees and shareholders.

### Administration

The RSU Plan is administered by the Board. The Board has the authority to delegate to any director, officer, employee or a committee of the Board such powers and duties as the Board sees fit.

### Participation Limits

Subject to adjustment in accordance with the terms of the RSU Plan, the maximum number of Common Shares which may be issued in connection with the redemption of RSUs granted under the RSU Plan, when combined with any other equity compensation arrangement of the Company, shall not exceed 10% of the total issued and outstanding Common Shares from time to time.

In addition, the maximum number of Common Shares which may be: (i) issued to Insiders of the Company within any one year period; or (ii) issuable to Insiders of the Company, at any time, under the RSU Plan, when combined with all of the Company's other security based compensation arrangements, shall be 10% of the total issued and outstanding Common Shares from time to time.

### Adjustments

The maximum number of Common Shares issuable under the RSU Plan and/or all RSUs outstanding shall be adjusted in accordance with the terms of the RSU Plan in the case of subdivisions, redivision, consolidations, other capital reorganizations, or other changes affecting the Common Shares.

### Awards

The Board may grant discretionary awards of RSUs to directors, senior officers and key employees of the Company from time to time, subject to a restricted period and such vesting, performance criteria, or other terms and conditions as the Board may prescribe. RSUs are not transferrable or assignable (except to an RSU Participant's estate as provided in the RSU Plan).

The number of RSUs to be credited as of the award date to an RSU Participant shall be determined by dividing (i) the cash value of the award by (ii) the five-day VWAP of the Common Shares immediately preceding the Award Date as reported by the TSX (or such other applicable stock exchange).

Upon the award of RSUs to an RSU Participant, the Board shall determine the Restricted Period applicable to such RSUs. The Board may determine a different Restricted Period with respect to different portions of the RSUs awarded to a given RSU Participant on a given date. The Restricted Period may expire on a given date, or upon the satisfaction of one or more Performance Conditions determined by the Board, or upon any combination of the foregoing as the Board may determine in its discretion provided the end of the Restricted Period shall be no earlier than sixty (60) days after the Award Date. Unless the Board determines otherwise at the time of the award of RSUs, one-third (1/3) of such award of RSUs shall be restricted until the first anniversary of the Award Date, another one-third (1/3) shall be restricted until the second anniversary of the Award Date and the remaining one-third (1/3) shall be restricted until the third anniversary of the Award Date. Unless the Board determines otherwise at the time of the award of RSUs, if the Board has imposed one or more Performance Conditions on such RSUs, the Restricted Period shall expire upon the satisfaction of the last of such Performance Conditions to be satisfied. Notwithstanding any other provision in this RSU Plan, no Restricted Period shall end after the end of the third year following the year the services were performed in respect of the RSUs awarded.

As of the date of the Information Circular, 4,894,424 RSUs are outstanding under the RSU Plan.

### Cancellations

Subject to the provisions due to the death or disability of an RSU Participant, RSUs shall be cancelled if (i) the Separation Date has occurred before the end of the Restricted Period applicable to such RSUs, unless the Board in its absolute discretion waives such cancellation of any such RSUs; or (ii) unless the Board



determines otherwise at the time of the award of RSUs, if the Board has imposed one or more Performance Conditions on such RSUs, and one or more of such Performance Conditions has not been satisfied on or before the end of the applicable Restricted Period.

The “Separation Date” of an RSU Participant means the later of: (i) the date upon which the RSU Participant ceases providing services to the Company in any capacity; and (ii) the date upon which the RSU Participant gives or receives notice of Termination.

“Termination” means: (i) in the case of a Director, the removal of or failure to re-elect or re-appoint the Director as a Director of the Company or an affiliate or Resignation; (ii) in the case of a key employee, the termination of the employment of the key employee, with or without cause, by the Company or an affiliate, regardless of whether such termination was lawful or unlawful, or Resignation; or (iii) in the case of a senior officer, the removal of or failure to re-elect or re-appoint the senior officer as an officer of the Company or an Affiliate or Resignation; in each case, other than due to the death or Disability of an RSU Participant.

“Resignation” means the cessation of Board membership (in the case of a Director) or employment (in the case of a senior officer or key employee) of an RSU Participant with the Company or an affiliate as a result of resignation.

#### Dividends

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on Common Shares, the Board may elect to credit each RSU Participant with additional RSUs.

#### Redemptions

The Board may elect to issue cash or Common Shares, or any combination thereof, to redeem RSUs owned by an RSU Participant within fifteen (15) days of the RSU Participant’s “Redemption Date”. Where the Board does not specify a payment method, the form of payment shall be in cash.

A Redemption Date is the date of the expiry of the Restricted Period for such RSUs, or such Deferred Payment Date as the RSU Participant holding such RSUs has elected in respect thereof.

The number of Common Shares issued to an RSU Participant on each Redemption Date will be equal to the number of RSUs that the RSU Participant is entitled to redeem in Common Shares on such Redemption Date less the number of Common Shares required to pay any applicable withholding taxes. Fractional Common Shares shall not be issued, but the RSU Participant will receive the equivalent value of such fractional Common Share in cash, less any applicable withholding taxes. Where the Board elects to redeem an RSU Participant’s RSUs in cash, the cash payment will be based on the five-day VWAP of the Company’s Common Shares on the TSX prior to the Redemption Date, less any applicable withholding taxes.

In the event of the death or disability of an RSU Participant prior to the redemption of their RSUs, whether or not the Restricted Period applicable to such RSUs has expired, the RSU Participant’s RSUs shall be redeemed with a cash payment, an issuance of Common Shares or a combination thereof, at the discretion of the Board, which shall be made to the RSU Participant, or the RSU Participant’s estate, on or about the thirtieth (30th) day after the Company is notified of the death or disability of the RSU Participant.

#### Deferred Payment Date

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RSU Participants may elect to defer the receipt of all or any part of their entitlement to the Redemption Value of their RSUs until a Deferred Payment Date, provided that: (i) where an RSU Participant's Separation Date occurs after the expiry of the Restricted Period relating to RSUs awarded to such RSU Participant but before the Deferred Payment Date elected by the RSU Participant for such RSUs, such Separation Date shall be deemed to be such RSU Participant's Deferred Payment Date for such RSUs; (ii) in no event may an RSU Participant elect a Deferred Payment Date in respect of RSUs awarded to such RSU Participant that is later than December 15 of the third (3rd) year following the year of the services in respect of which such RSUs were awarded, and if an RSU Participant should so elect, such RSU Participant will be deemed to have elected as the Deferred Payment Date December 15 of the third (3rd) year following the year of services in respect of which such RSUs were awarded; and (iii) RSU Participants who elect a Deferred Payment Date must give the Company written notice of such Deferred Payment Date not later than sixty (60) days prior to the expiration of the Restricted Period. RSU Participants may change a Deferred Payment Date by providing written notice to the Company not later than sixty (60) days prior to the Deferred Payment Date.

#### Amendment, Suspension, or Termination of RSU Plan

The Board may, in its sole discretion, at any time and from time to time: (i) amend or suspend the RSU Plan in any way in whole or in part, (ii) amend or discontinue any RSUs granted under the RSU Plan in any way, and (iii) terminate the RSU Plan, without prior notice to or approval by any RSU Participants or shareholders of the Company, subject to the provisions below.

No modification or amendment to the following provisions of the RSU Plan shall be effective unless and until the Company has obtained the approval of the shareholders of the Company in accordance with the rules and policies of the TSX (or other applicable stock exchange):

- (a) the number of Common Shares reserved for issuance under the RSU Plan (including a change from a fixed maximum number of Common Shares to a fixed maximum percentage of Common Shares);
- (b) the definition of "Participant" or the eligibility requirements for participating in the RSU Plan, where such amendment would have the potential of broadening or increasing insider participation;
- (c) the extension of any right of an RSU Participant under the RSU Plan beyond the date on which such right would originally have expired, which benefits an Insider of the Company;
- (d) any amendment to permit RSUs to be transferred other than for normal estate settlement purposes;
- (e) a change in the insider participation limits of the RSU Plan which would result in shareholder approval being required on a disinterested basis; or
- (f) the terms of the amendment provisions of the RSU Plan.

If the Board terminates the RSU Plan, no new RSUs will be credited to the account of an RSU Participant but previously credited RSUs shall be redeemed in accordance with the terms and conditions of the RSU Plan existing at the time of termination. Termination of the RSU Plan shall not affect the ability of the Board to exercise the powers granted to it hereunder with respect to RSUs granted under the RSU Plan prior to the date of such termination.

#### *Common Shares Issuable under the Stock Option Plan, DSU Plan and RSU Plan*

As at January 9, 2024, the Company had 560,373,603 Common Shares issued and outstanding. Accordingly, a maximum of 56,037,360 Common Shares (representing 10% of the issued and outstanding Common Shares) were available for issuance pursuant to the Stock Option Plan, the RSU Plan and/or the DSU Plan.

As at January 9, 2024, there were 24,643,750 options outstanding under the Stock Option Plan (representing 4.4% of the issued and outstanding Common Shares), 4,894,424 RSUs outstanding under the RSU Plan (representing 0.9% of the issued and outstanding Common Shares), and 1,535,000 DSUs outstanding under the DSU Plan (representing 0.3% of the issued and outstanding Common Shares). Accordingly, there is a maximum of 24,964,186 Common Shares (representing 4.4% of the issued and outstanding Common Shares) available for grant of further options, RSUs and/or DSUs.

The DSU Plan separately provides that the maximum number of Common Shares which may be issued in connection with the redemption of DSUs granted under the DSU Plan shall be 5,000,000 Common Shares, representing approximately 0.9% of the issued and outstanding Common Shares, of which none have been redeemed. There are 1,535,000 DSUs outstanding as at January 9, 2024, and accordingly 3,465,000 DSUs remaining available for future issuance.

### *Burn Rate*

In accordance with the requirements of Section 613 of the TSX Company Manual, the below table sets out the burn rate of the options, RSUs and DSUs as of the end of the financial year ended August 31, 2023 and for the two preceding financial years. The burn rate is calculated by dividing the number of options granted under the Company's Stock Option Plan by the weighted average number of securities outstanding for the applicable financial year. The RSU Plan and DSU Plan became effective during the year ended August 31, 2021.

Financial Year Ended	Stock Options Granted	RSUs Granted <sup>(1)</sup>	DSUs Granted <sup>(1)</sup>	Weighted Average Common Shares Outstanding	Burn Rate
August 31, 2023	8,760,000	-	1,060,000	456,059,983	2.2%
August 31, 2022	4,220,000	-	-	388,498,568	1.1%
August 31, 2021	9,260,000	1,475,000	475,000	354,590,337	3.2%

Notes:

(1) The RSU and DSU plans were implemented during the financial year ended August 31, 2021

## **C. Performance Graph**

The following graph and table compare the yearly percentage change in the cumulative total shareholder return of the Common Shares for the period from September 1, 2018 to August 31, 2023 with the cumulative total return of the S&P/TSX Composite Total Return Index for the same period. The graph and table assume \$100 invested in Common Shares on August 31, 2018 and in the S&P/TSX Composite Total Return Index, which assumes dividend reinvestment.

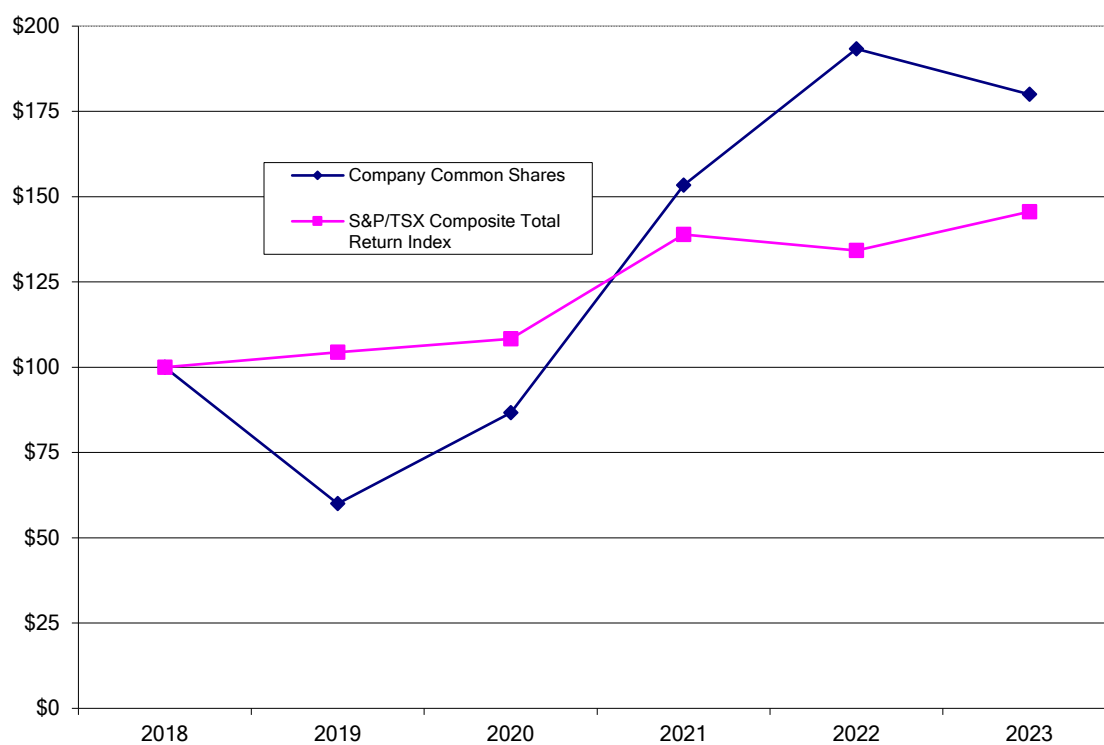
### *Cumulative Total Return on \$100 Investment*

There is no direct correlation between the market performance of the Common Shares and executive compensation except that any increase in the market price of the Common Shares will increase the value of any options held by the relevant executives. The CGN Committee and the Board generally evaluate performance by reference to the achievement of corporate objectives rather than by short term changes in

the Common Share price, which typically has in the past been significantly influenced by overall economic, market and industry conditions. See discussion under “Base Salary and Bonus” above for further details.

### Comparison of Cumulative Total Return

Month / Year	September 1, 2018	August 31, 2019	August 31, 2020	August 31, 2021	August 31, 2022	August 31, 2023
Avalon Advanced Materials Inc.	\$100.00	\$60.00	\$86.67	\$153.33	\$193.33	\$180.00
S&P/TSX Composite Total Return Index	\$100.00	\$104.35	\$108.32	\$138.90	\$134.21	\$145.61



## D. Summary Compensation Table

The table below contains a summary of the compensation paid to the Named Executive Officers during the three most recently completed financial years.

Name and Principal Position	Year	Salary (\$)	Share based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-Equity incentive plan compensation (\$)		Pension Value <sup>(3)</sup> (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Scott Monteith <sup>(7)</sup> Interim CEO	2023	64,402	Nil	105,722	Nil	Nil	Nil	229 <sup>(8)</sup>	170,353
	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Zeeshan Syed <sup>(5)</sup> President	2023	220,000	Nil	95,978	Nil	Nil	Nil	Nil	315,978
	2022	161,667	Nil	40,948	Nil	Nil	Nil	Nil	202,615
	2021	83,333	18,110	29,718	Nil	Nil	Nil	24,000 <sup>(6)</sup>	155,161
R. James Andersen CFO and VP, Finance	2023	240,000	Nil	27,169	Nil	Nil	Nil	Nil	267,169
	2022	240,000	Nil	34,727	Nil	Nil	Nil	Nil	274,727
	2021	240,000	54,330	118,124	Nil	Nil	Nil	Nil	412,454
Jan Holland <sup>(9)</sup> Executive Chair	2023	37,500	18,122	217,751	Nil	Nil	Nil	417 <sup>(10)</sup>	273,790
	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Donald Bubar <sup>(4)</sup> Former President and CEO	2023	250,000	Nil	22,680	Nil	Nil	Nil	Nil	272,680
	2022	250,000	Nil	Nil	Nil	Nil	Nil	Nil	250,000
	2021	250,000	72,440	155,193	Nil	Nil	Nil	Nil	477,633

Notes:

- (1) These amounts represent the “grant date fair value” of RSUs granted to the respective Named Executive Officer, which have been determined based on the five-day VWAP of the Common Shares on the TSX prior to the date the RSUs were awarded.
- (2) These amounts represent the “grant date fair value” of options granted to the respective Named Executive Officer, which have been determined by using the Black-Scholes model: a mathematical valuation model that ascribes a value to an option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of options using this methodology is very different from a simple “in-the-money” value calculation. In fact, options that are well out-of-the-money can still have a significant “grant date fair value” based in a Black-Scholes valuation, especially where, as in the case of the Company, the price of the Common Shares underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation. The same caution applies to the total compensation amounts shown in the last column above, which are based in part the grant date fair value amounts set out in the column for Option-based awards. These values are consistent with the accounting values used in the Company’s financial statements. The Company selected the Black-Scholes model given its prevalence of use within North America.
- (3) The Company does not have a pension plan.
- (4) Mr. Bubar passed away on July 30, 2023
- (5) Mr. Syed became an officer of the Company on January 11, 2022.
- (6) Represents consulting fees paid to a corporation controlled by Mr. Syed in 2020 and 2021 before he became an employee of the Company.
- (7) Mr. Monteith joined the Company on May 1, 2023
- (8) Director’s fees paid to Mr. Monteith before he was appointed Interim CEO of the Company

- (9) Mr. Holland joined the Company on June 2, 2023
- (10) Director's fees paid to Mr. Holland before he was appointed Executive Chair of the Board

## **E. Employment Contracts**

### *Monteith Employment Agreement*

The Company employs Scott Monteith as the Company's Interim CEO pursuant to an employment agreement effective June 2, 2023 (the "Monteith Agreement"). The Monteith Agreement is for an indefinite term and can be terminated by either party, and provides for Mr. Monteith to devote no less than 75% of his working time, attention and ability to the Company. If the Monteith Agreement is terminated by Mr. Monteith, then Mr. Monteith must provide notice of at least 60 days and Mr. Monteith is entitled to be paid the then current salary under the Monteith Agreement prorated until the end of the notice period, and thereafter all obligations of the Company to Mr. Monteith will terminate. If the Monteith Agreement is terminated by the Company without cause, then the Company will pay to Mr. Monteith a lump sum payment equal to three months of salary plus two months of salary for every full or partial year of employment, to a maximum of twelve months of base salary amount in effect at the time. In the event of a change of control of the Company (as defined by the Monteith Agreement) and, if within one year of the change of control, Mr. Monteith's employment with the Company is terminated, Mr. Monteith can elect to terminate the Monteith Agreement and the Company will be obligated to pay to Mr. Monteith a lump sum payment equal to six months of salary plus two months of salary for every full or partial year of employment, to a maximum of twenty-four months of base salary amount in effect at the time.

### *Syed Employment Agreement*

The Company employs Zeeshan Syed as the Company's President pursuant to an employment agreement effective May 29, 2023 (the "Syed Agreement"). The Syed Agreement is for an indefinite term and can be terminated by either party. If the Syed Agreement is terminated by Mr. Syed, then Mr. Syed must provide notice of at least 60 days and Mr. Syed is entitled to be paid the then current salary under the Syed Agreement prorated until the end of the notice period, and thereafter all obligations of the Company to Mr. Syed will terminate. If the Syed Agreement is terminated by the Company without cause, then the Company will pay to Mr. Syed a lump sum payment equal to three months of salary plus two months of salary for every full or partial year of employment, recognizing that Mr. Syed's employment began on January 1, 2021, to a maximum of twelve months of base salary amount in effect at the time. In the event of a change of control of the Company (as defined by the Syed Agreement) and, if within one year of the change of control, Mr. Syed's employment with the Company is terminated, Mr. Syed can elect to terminate the Syed Agreement and the Company will be obligated to pay to Mr. Syed a lump sum payment equal to eighteen months of salary plus two months of salary for every full or partial year of employment, recognizing that Mr. Syed's employment began on January 1, 2021, to a maximum of twenty-four months of base salary amount in effect at the time.

### *Andersen Employment Agreement*

The Company employs R. James Andersen as the Company's Vice President, Finance and CFO pursuant to an employment agreement effective January 1, 2011 (the "Andersen Agreement"). The Andersen Agreement is for an indefinite term and can be terminated by either party. If the Andersen Agreement is terminated by Mr. Andersen, then Mr. Andersen must provide notice of at least 30 days and Mr. Andersen is entitled to be paid the then current salary under the Andersen Agreement prorated until the end of the notice period, and thereafter all obligations of the Company to Mr. Andersen will terminate. If the Andersen

Agreement is terminated by the Company without cause, then the Company will pay to Mr. Andersen a lump sum payment equal to three months of salary plus two months of salary for every full or partial year of employment, recognizing that Mr. Andersen's employment began on June 11, 2001, to a maximum of three times his annual base salary amount in effect at the time. In the event of a change of control of the Company (as defined by the Andersen Agreement) and, if within one year of the change of control, Mr. Andersen's employment with the Company is terminated or in the event Mr. Bubar's employment with the Company is terminated, Mr. Andersen can elect to terminate the Andersen Agreement and the Company will be obligated to pay to Mr. Andersen a lump sum in cash equal to three times his annual base salary amount in effect at the time.

#### *Holland Employment Agreement*

The Company employs Jan Holland as the Company's Executive Chair pursuant to an employment agreement effective July 1, 2023 (the "Holland Agreement"). The Holland Agreement is for an indefinite term and can be terminated by either party, and provides for Mr. Holland to devote no less than 75% of his working time, attention and ability to the Company. If the Holland Agreement is terminated by Mr. Holland, then Mr. Holland must provide notice of at least 60 days and Mr. Holland is entitled to be paid the then current salary under the Holland Agreement prorated until the end of the notice period, and thereafter all obligations of the Company to Mr. Holland will terminate. If the Holland Agreement is terminated by the Company without cause, then the Company will pay to Mr. Holland a lump sum payment equal to three months of salary plus two months of salary for every full or partial year of employment, to a maximum of twelve months of base salary amount in effect at the time. In the event of a change of control of the Company (as defined by the Holland Agreement) and, if within one year of the change of control, Mr. Holland's employment with the Company is terminated, Mr. Holland can elect to terminate the Holland Agreement and the Company will be obligated to pay to Mr. Holland a lump sum payment equal to eighteen months of salary plus two months of salary for every full or partial year of employment, to a maximum of twenty-four months of base salary amount in effect at the time.

#### *Bubar Employment Agreement*

The Company employed Donald Bubar as the Company's President and CEO pursuant to an employment agreement effective as of January 1, 2011 (the "Bubar Agreement"). The Bubar Agreement was for an indefinite term and could be terminated by either party. Mr. Bubar passed away on July 30, 2023 and all of the obligations to Mr. Bubar under the Bubar Agreement have been settled. See "Summary Compensation Table".

#### *Severance Payments after Termination or Termination after a Change of Control*

If a severance payment triggering event had occurred on August 31, 2023, the severance payments that would be contractually payable to each of the Named Executive Officers after termination and after termination following a change of control would be approximately as follows:

Name	Termination without a change of control of the Company (\$)	Termination following a change of control of the Company (\$)
Scott Monteith	93,750	150,000
Zeeshan Syed	195,000	520,000

R. James Andersen	900,000	900,000
Jan Holland	93,750	375,000
Donald Bubar <sup>(1)</sup>	-	-
<b>Total</b>	<b>1,282,500</b>	<b>1,945,000</b>

(1) Mr. Bubar passed away on July 30, 2023.

## F. Incentive Plan Awards

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

The following table sets out, for each Named Executive Officer, the incentive options (option-based awards) and share-based awards, outstanding as at August 31, 2023. The closing price of the Common Shares on the TSX on August 31, 2023 was \$0.135.



Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options <sup>(2)</sup> (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested <sup>(5)</sup> (#)	Market or payout value of share-based awards that have not vested <sup>(6)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed <sup>(7)</sup> (\$)
Scott Monteith	500,000 <sup>(2)</sup>	0.12	05/07/2028	7,500	Nil	Nil	Nil
	1,000,000 <sup>(2)</sup>	0.11	06/04/2028	25,000			
Zeeshan Syed	400,000 <sup>(2)</sup>	0.12	01/11/2026	6,000	33,333	4,500	4,500
	300,000 <sup>(2)</sup>	0.20	04/18/2027	Nil			
	1,000,000 <sup>(2)</sup>	0.12	05/07/2028	15,000			
	300,000 <sup>(2)</sup>	0.11	06/04/2028	7,500			
R. James Andersen	120,000 <sup>(2)</sup>	0.12	05/31/2024	1,800	100,000	13,500	27,000
	300,000 <sup>(2)</sup>	0.08	02/28/2025	16,500			
	240,000 <sup>(2)</sup>	0.08	05/31/2025	13,200			
	600,000 <sup>(2)</sup>	0.20	04/20/2026	Nil			
	400,000 <sup>(2)</sup>	0.20	05/31/2026	Nil			
	400,000 <sup>(2)</sup>	0.13	05/31/2027	Nil			
	400,000 <sup>(2)</sup>	0.11	06/04/2028	10,000			
Jan Holland	2,000,000 <sup>(3)</sup>	0.17	06/20/2026	Nil	Nil	Nil	16,875
	500,000 <sup>(2)</sup>	0.11	06/04/2028	12,500			
Donald Bubar	200,000 <sup>(2)</sup>	0.10	02/28/2024	5,000	Nil	Nil	Nil
	500,000 <sup>(4)</sup>	0.08	07/08/2024	32,500			
	900,000 <sup>(4)</sup>	0.08	02/28/2025	58,500			
	400,000 <sup>(4)</sup>	0.26	02/28/2026	Nil			
	800,000 <sup>(4)</sup>	0.20	04/20/2026	Nil			
	300,000 <sup>(4)</sup>	0.12	05/07/2028	Nil			

Notes:

(1) The value of the in-the-money options currently held by each Named Executive Officer is based on the closing market price of the Common Shares on the TSX as at August 31, 2023 being \$0.135, less the option exercise price.

(2) These options vest as to 25% thereof on each of the first four anniversaries of the date of grant thereof and have a term of five years.

(3) These options vest as to 50% thereof on each of the first two anniversaries of the date of grant thereof and have a term of three years.

(4) These options have a term of five years and were vesting as to 25% thereof on each of the first four anniversaries of the date of grant thereof. The vesting dates have been accelerated and are fully vested as at August 31, 2023.

(5) Number of unvested RSUs held by each Named Executive Officer.

(6) The market value of the unvested RSUs held by each Named Executive Officer is based on the closing market price of the Common Shares on the TSX as at August 31, 2023, being \$0.135.

(7) The market value of the vested RSUs held by each Named Executive Officer is based on the closing market price of the Common Shares on the TSX as at August 31, 2023, being \$0.135.

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

The following table sets forth, for each Named Executive Officer, the value of all incentive plan awards vested or earned during the year ended August 31, 2023:

Name	Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup>	Share-Based Awards - Value vested during the year (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Scott Monteith <sup>(3)</sup>	Nil	Nil	Nil
Zeeshan Syed	2,500	3,833	Nil
R. James Andersen	6,000	11,500	Nil
Jan Holland <sup>(4)</sup>	Nil	18,122	Nil
Donald Bubar <sup>(5)</sup>	24,250	29,333	Nil

Note:

(1) The value of the options vested during the year for each Named Executive Officer is based on the closing market price of the Common Shares on the TSX on the vesting date less the option exercise price.

(2) The value of the RSUs vested during the year for each Named Executive Officer is based on the closing market price of the Common Shares on the TSX on the vesting date.

(3) Mr. Monteith joined the Company on May 1, 2023

(4) Mr. Holland joined the Company on June 2, 2023

(5) Mr. Bubar passed away on July 30, 2023.

## G. Pension Plan Benefits

There are no pension plan benefits in place for the Named Executive Officers.

## H. Termination and Change of Control Benefits

Except as set forth above under “Employment Contracts”, the Company is not party to any compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive any compensation from the Company in the event of resignation, retirement or any other termination of employment of such persons, change of control of the Company or a change in the Named Executive Officer's responsibilities following a change of control.

## I. Director Compensation

The following table describes director compensation for independent directors for the year ended August 31, 2023:

Name <sup>(1)</sup>	Fees earned (\$)	Share- based awards (\$) <sup>(2)</sup>	Option- based awards (\$) <sup>(3)</sup>	Non-equity incentive plan compensation (\$) <sup>(4)</sup>	Pension value (\$) <sup>(5)</sup>	All other compensation (\$) <sup>(6)</sup>	Total compensation (\$)
Alan Ferry	5,000	52,917	48,825	Nil	Nil	Nil	106,742
John E. Fisher <sup>(7)</sup>	5,000	18,122	Nil	Nil	Nil	Nil	23,122
Tim Haig <sup>(7)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Naomi Johnson	5,000	22,471	Nil	Nil	Nil	Nil	27,471
Alec Kodatsky <sup>(7)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Marilyn Spink <sup>(7)</sup>	5,000	18,122	Nil	Nil	Nil	Nil	23,122

Harvey L. A. Yesno	5,000	18,122	Nil	Nil	Nil	Nil	23,122
<p>Notes:</p> <p>(1) This director compensation table does not include information for Scott Monteith or Donald Bubar, who were both directors and Named Executive Officers. The compensation paid to Mr. Monteith and Mr. Bubar for the financial year ended August 31, 2023 has been reflected in the Named Executive Officer "Summary Compensation Table". The Company did not pay any additional compensation to Mr. Monteith (after he became Interim CEO) or Mr. Bubar for serving as a director of the Company.</p> <p>(2) These amounts represent the "grant date fair value" of DSUs granted to the respective director, which have been determined based on the five-day VWAP of the Common Shares on the TSX prior to the date the DSUs were awarded.</p> <p>(3) These amounts represent the "grant date fair value" of options granted to the respective director, which have been determined by using the Black-Scholes model, a mathematical valuation model that ascribes a value to an option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of options using this methodology is very different from a simple "in-the-money" value calculation. In fact, options that are well out-of-the-money can still have a significant "grant date fair value" based in a Black-Scholes valuation, especially where, as in the case of the Company, the price of the Common Shares underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation. The same caution applies to the total compensation amounts shown in the last column above, which are based in part the grant date fair value amounts set out in the column for option-based awards. These values are consistent with the accounting values used in the Company's financial statements. The Company selected the Black-Scholes model given its prevalence of use within North America.</p> <p>(4) The Company does not have a non-equity incentive plan.</p> <p>(5) The Company does not have any pension plans.</p> <p>(6) The Company does not have any other benefit plans for its directors.</p> <p>(7) Ms. Spink and Mr. Fisher retired from the Board on August 18, 2023 and October 20, 2023, respectively. Mr. Kodatsky and Mr. Haig were appointed to the Board on September 5, 2023 and October 20, 2023, respectively</p>							

### *Compensation of Directors*

During the financial year ended August 31, 2023, the independent directors of the Company were paid a base yearly fee of \$5,000.

In addition, pursuant to the Stock Option Plan, the Company typically grants options to purchase Common Shares and DSUs to directors of the Company. During the financial year ended August 31, 2023, 550,000 options were issued to directors and 1,060,000 DSUs were awarded to directors.

Directors are also reimbursed for their out-of-pocket expenses incurred in attending Board and committee meetings.

The directors are indemnified by the Company against all costs, charges and expenses reasonably incurred by such director in respect of any action or proceeding to which such director is made a party by reason of being a director of the Company, subject to the limitations in respect thereof contained in the Act.

### *Option-Based and Share-Based Awards to Directors*

The table below sets out for each non-executive director the incentive options (option-based awards) and share-based awards outstanding as of August 31, 2023. The closing price of the Company's shares on the TSX on August 31, 2023 was \$0.135.

Name <sup>(1)</sup>	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed <sup>(6)</sup> (\$)
Alan Ferry	50,000 <sup>(4)</sup>	0.10	02/28/2024	1,750	Nil	Nil	69,525
	75,000 <sup>(4)</sup>	0.12	05/31/2024	1,125			
	375,000 <sup>(4)</sup>	0.08	02/28/2025	20,625			
	400,000 <sup>(3)</sup>	0.20	04/20/2026	Nil			
	500,000 <sup>(5)</sup>	0.17	06/20/2026	Nil			
	50,000 <sup>(3)</sup>	0.12	08/31/2026	750			
	50,000 <sup>(4)</sup>	0.12	05/07/2028	750			
John E. Fisher <sup>(7)</sup>	500,000 <sup>(3)</sup>	0.08	02/28/2025	27,500	Nil	Nil	30,375
	300,000 <sup>(3)</sup>	0.20	04/20/2026	Nil			
Tim Haig <sup>(7)</sup>	Nil	n/a	n/a	Nil	Nil	Nil	Nil
Naomi Johnson	225,000 <sup>(3)</sup>	0.08	09/09/2024	12,375	Nil	Nil	37,800
	275,000 <sup>(3)</sup>	0.08	02/28/2025	15,125			
	300,000 <sup>(3)</sup>	0.20	04/20/2026	Nil			
Alec Kodatsky <sup>(7)</sup>	Nil	n/a	n/a	Nil	Nil	Nil	Nil
Marilyn Spink <sup>(7)</sup>	125,000 <sup>(3)</sup>	0.08	06/15/2025	6,875	Nil	Nil	30,375
	300,000 <sup>(3)</sup>	0.20	04/20/2026	Nil			
Harvey L. A. Yesno	500,000 <sup>(3)</sup>	0.11	12/29/2026	12,500	Nil	Nil	16,875

Notes:

(1) This table does not include information for Scott Monteith, Jan Holland or Donald Bubar who were both directors and Named Executive Officers (see "Incentive Plan Awards" above). The Company did not pay any additional compensation to Mr. Monteith (after he became Interim CEO) or Mr. Holland (after he became Executive Chair) or Mr. Bubar for serving as a director of the Company.

(2) The value of unexercised in-the-money options is calculated by determining the difference between the market value of the underlying securities at August 31, 2023 and the exercise price of the options. The closing market price of the Company's Common Shares as at August 31, 2023 was \$0.135 per Common Share.

(3) These options vest as to 25% thereof on each of the first four anniversaries of the date of grant thereof and have a term of five years.

(4) These options vest as to 50% thereof on each of the date of grant and the first anniversary thereof and have a term of five years.

(5) These options vest as to 50% thereof on each of the first two anniversaries of the date of grant thereof and have a term of three years.

(6) The market value of the vested DSUs held by each director is based on the closing market price of the Common Shares on the TSX as at August 31, 2023 being \$0.135.

(7) Ms. Spink and Mr. Fisher and retired from the Board on August 18, 2023 and October 20, 2023, respectively. Mr. Kodatsky and Mr. Haig were appointed to the Board on September 5, 2023 and October 20, 2023, respectively.

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

The following table sets forth, for each non-executive director, the value of all incentive plan awards vested or earned during the year ended August 31, 2023:

Name <sup>(1)</sup>	Option-Based Awards- Value vested during the year  (\$) <sup>(2)</sup>	Share-Based Awards- Value vested during the year  (\$) <sup>(3)</sup>	Non-Equity Incentive Plan Compensation- Value earned during the year  (\$)
Alan Ferry	Nil	52,917	Nil
John E. Fisher <sup>(4)</sup>	7,500	18,122	Nil
Tim Haig <sup>(4)</sup>	Nil	Nil	Nil
Naomi Johnson	8,625	22,471	Nil
Alec Kodatsky <sup>(4)</sup>	Nil	Nil	Nil
Marilyn Spink <sup>(4)</sup>	8,750	18,122	Nil
Harvey L. A. Yesno	1,250	18,122	Nil

Notes:

(1) This table does not include information for Scott Monteith or Donald Bubar who were both directors and Named Executive Officers (see "Incentive Plans Awards" above). The Company did not pay any additional compensation to Mr. Monteith (after he was appointed Interim CEO) or Mr. Bubar for serving as directors of the Company.

(2) The value of the options vested during the year for each director is based on the closing market price of the Company's Common Shares on the TSX on the vesting date less the option exercise price.

(3) The value of the DSUs vested during the year for each director is based on the five-day VWAP of the Common Shares on the TSX prior to the date the DSUs were awarded as these DSUs were vested on the date of award.

(4) Ms. Spink and Mr. Fisher and retired from the Board on August 18, 2023 and October 20, 2023, respectively. Mr. Kodatsky and Mr. Haig were appointed to the Board on September 5, 2023 and October 20, 2023, respectively.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as at August 31, 2023 with respect to Common Shares issuable by the Company pursuant to the Stock Option Plan, DSU Plan and RSU Plan, the only equity compensation plans of the Company as at August 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(3)</sup>  (#)	Weighted- average exercise price of outstanding options, warrants and rights  (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) <sup>(3)</sup>  (#)
Equity compensation plans approved by securityholders <sup>(1)(2)</sup>	25,723,750	0.14	30,313,610
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	25,723,750	0.14	30,313,610

Notes:

- |  |
|--|
| <p>(1) Includes the Stock Option Plan, RSU Plan and DSU Plan. There is a total of 30,313,610 stock options, DSUs and RSUs available for issuance which, when added to the total number of outstanding options, DSUs and RSUs of 25,723,750, is equal to 56,037,360 Common Shares which is 10% of the Company's issued capital as at August 31, 2023.</p> <p>(2) As at August 31, 2023 the maximum number of Common Shares which may be issued in connection with the redemption of DSUs granted under the DSU Plan is 1,750,000 Common Shares of which none have been redeemed. There were 1,535,000 DSUs outstanding as at August 31, 2023, with 215,000 DSUs remaining available for future issuance.</p> <p>(3) Assumes that all of the outstanding RSUs and DSUs will be settled by the issuance of Common Shares.</p> |
|--|

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

There is no indebtedness of any director, executive officer, employee, former directors, former executive officers or former employees, or proposed nominee for election as a director of the Company to, or guaranteed or supported by, the Company or any subsidiary thereof either pursuant to an employee stock purchase program or any other programs of the Company or a subsidiary or otherwise, nor has there been any such indebtedness of the Company to, or guaranteed or supported by, the Company or any subsidiary during the financial year ended August 31, 2023.

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

No person who has been a director or an executive officer of the Company at any time since the beginning of its last financial year, no person or company by whom, or on whose behalf, directly or indirectly, solicitation has been made, no proposed nominee for election as a director of the Company, nor any associate or affiliate of the aforementioned persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Information Circular.

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

Other than as disclosed herein, no informed person (within the meaning of National Instrument 51-102 - *Continuous Disclosure Obligations*) of the Company, no proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing has or 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.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure in respect of corporate governance matters be included in its information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101. In addition, the Act sets out required disclosure in respect of diversity among directors and members of senior management (as prescribed in the regulations) that is required to be placed before shareholders at every annual meeting of a publicly listed CBCA corporation, which came into force January 1, 2020 (the "CBCA Diversity Requirements").

Pursuant to NI 58-101, the prescribed corporate governance disclosure for the Company pursuant to Form 58-101F1 (the "Form 58-101F1 Disclosure") is contained in "Schedule A - Corporate Governance Disclosure", which is appended to this Information Circular, and sets forth the corporate governance

practices of the Company, relative to the Form 58-101F1 Disclosure as well as the CBCA Diversity Requirements.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.avalonadvancedmaterials.com](http://www.avalonadvancedmaterials.com). Financial information is provided in the Company's comparative financial statements and related management's discussion and analysis for the financial year ended August 31, 2023.

A copy of the following documents may be obtained, without charge, upon request to the Corporate Secretary of the Company at Suite 2060, 130 Adelaide Street West, Toronto, Ontario, Canada, M5H 3P5, Telephone: (416) 364-4938, Fax: (416) 364-5162:

- (a) the Annual Financial Statements and related management's discussion and analysis and any interim financial statements of the Company for periods subsequent to August 31, 2022 and related management's discussion and analysis; and
- (b) this Information Circular.

## **APPROVAL**

The contents of this Information Circular and the sending thereof to the shareholders of the Company have been approved by the directors of the Company.

DATED at Toronto, Ontario this 9<sup>th</sup> day of January, 2024.

By ORDER of the Board of Directors

*(signed) "Scott Monteith"*  
Scott Monteith  
Interim Chief Executive Officer

## SCHEDULE A

### CORPORATE GOVERNANCE DISCLOSURE

National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") establishes corporate governance guidelines which are considered "best practice" and apply to all public companies. In addition, the Act sets out required disclosure in respect of the CBCA Diversity Requirements.

The Company has reviewed its own corporate governance practices in light of the guidelines set out in NP 58-201 and the CBCA Diversity Requirements, and hereby discloses its current corporate governance practices below.

For the purposes hereof, the following terms referred to herein have the following meanings. Any other terms used herein but not otherwise defined shall have the meanings ascribed thereto in the applicable securities legislation or the Act.

"Aboriginal peoples" means persons who are First Nations, Inuit or Métis;

"designated groups" means women, Aboriginal peoples, persons with disabilities and members of visible minorities;

"executive officer/members of senior management" means:

- (a) the chair and vice chair of the board of directors;
- (b) the president of the corporation;
- (c) the chief executive officer and chief financial officer;
- (d) the vice president in charge of a principal business unit, division or function including sales, finance or production; and
- (e) an individual performing a policy-making function in respect of the corporation.

"major subsidiary" means a subsidiary whose assets and revenue are consolidated into the parent's financial statements and account for 30% or more of the consolidated assets or revenues;

"members of visible minorities" means persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour;

"persons with disabilities" means persons who have a long-term or recurring physical, mental, sensory, psychiatric or learning impairment and who

- (a) consider themselves to be disadvantaged in employment by reason of that impairment, or
- (b) believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment;



Disclosure Requirements	Comments
<i>1. Board of Directors</i>	
<p>Disclose the identity of directors who are independent.</p>	<ul style="list-style-type: none"> <li>• Alan Ferry</li> <li>• Tim Haig</li> <li>• Naomi Johnson</li> <li>• Alec Kodatsky</li> <li>• Harvey L. A. Yesno</li> </ul> <p>For more information about each director, please refer to the section entitled “Election of Directors” of this Information Circular.</p>
<p>Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>	<p>Scott Monteith, Interim CEO of the Company, and Jan Holland, Executive Chair of the Board, are considered not independent by virtue of their positions as executive officers/members of senior management with the Company. Benny Loix is considered not independent by virtue of his employment at SCR-Sibelco NV, which is a greater than 10% shareholder of the Company.</p>
<p>Disclose whether or not a majority of directors are independent.</p>	<p>The Board is currently composed of eight directors. After consideration of the criteria set forth in applicable securities legislation, the Board has concluded that five of the current directors are independent.</p>
<p>If a director is presently a director of another issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<ul style="list-style-type: none"> <li>• Alan Ferry - Not applicable</li> <li>• Tim Haig - Not applicable</li> <li>• Jan Holland - Omni-Lite Industries Canada Inc.</li> <li>• Naomi Johnson - Copper Lake Resources Ltd.</li> <li>• Alec Kodatsky - Not applicable</li> <li>• Benny Loix - Not applicable</li> <li>• Scott Monteith - - Not applicable</li> <li>• Harvey L. A. Yesno - Not applicable</li> </ul>

Disclosure Requirements	Comments
<p>Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>The Board meets without management present (and therefore without the presence of non-independent directors) at the end of Board meetings. In the financial year ended August 31, 2023, seven of such <i>in camera</i> meetings were held.</p>
<p>Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe their role and responsibilities.</p>	<p>Jan Holland is the Executive Chair of the Board and is not an independent director. Alan Ferry is the Lead Director and is an independent director.</p> <p>The Chair has the responsibility, among other things, to ensure that the Board discharges its responsibilities effectively. The Chair acts as a liaison between the Board and CEO and chairs Board meetings.</p>
<p>Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>The Board held seven meetings in the financial year ended August 31, 2023 with the attendance record of each director as follows:</p> <ul style="list-style-type: none"> <li>• Donald Bubar - 3/4 board meetings</li> <li>• Alan Ferry - 7/7 board meetings</li> <li>• John E. Fisher - 7/7 board meetings</li> <li>• Tim Haig - 0/0 board meetings</li> <li>• Jan Holland - 3/3 board meetings</li> <li>• Naomi Johnson - 6/7 board meetings</li> <li>• Alec Kodatsky - 1/1 board meetings</li> <li>• Benny Loix - 1/1 board meetings</li> <li>• Scott Monteith - 4/4 board meetings</li> <li>• Marilyn Spink - 6/6 board meetings</li> <li>• Harvey L. A. Yesno - 6/7 board meetings</li> </ul>
<p><i>2. Board Mandate</i></p>	
<p>Disclose the text of the board's written mandate.</p>	<p>Refer to Appendix A attached to this Schedule A.</p>
<p><i>3. Position Descriptions</i></p>	

Disclosure Requirements	Comments
<p>Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such positions.</p>	<p>The Board has developed and adopted a written position description for each of the following, as recommended by the CSA Guidelines:</p> <ul style="list-style-type: none"> <li>• Chair of the Board,</li> <li>• Chair of the Audit Committee and</li> <li>• Chair of the CGN Committee.</li> </ul>
<p>Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p>The Board and the CEO have developed a written position description for the CEO, and the Board has adopted such position description.</p>
<p><i>4. Orientation and Continuing Education</i></p>	
<p>Briefly describe what measure the board takes to orient new directors regarding:</p> <p>(i) the role of the board, its committees and its directors, and</p> <p>(ii) the nature and operation of the issuer's business.</p>	<p>The Company held orientation programs for its new directors on May 3, 2023, June 13, 2023, September 6, 2023, September 12, 2023 and October 10, 2023. The new directors received a manual with copies of all corporate policies and mandates at their orientation session. The Company also distributes copies of corporate policies and mandates if and when updates are undertaken. In addition, the Board as a whole and the Company informally provide such orientation and education as required. The Board has provided input into the Company's strategic plan, increasing the level of education provided to the Board in the process. In light of the Company's size and scope of operations, the Board believes this approach is practical and effective.</p>
<p><i>5. Ethical Business Conduct</i></p>	
<p>Briefly discuss what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>There is currently no formal continuing education program in place. Each director is responsible for ensuring that they maintain the skill and knowledge necessary to meet their obligations as a director, and directors are entitled, at the Company's expense, to attend seminars they determine necessary to keep them up-to-date with current issues relevant to their service as directors of the Company.</p>

Disclosure Requirements	Comments
<p>Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code,</p> <p>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code, and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>The Board has adopted the Code of Business Conduct and Ethics, which is a written code that is reviewed on a yearly basis by the Board.</p> <p>(i) The Code of Business Conduct and Ethics can be viewed on the Company's website at <a href="http://www.avalonadvancedmaterials.com">www.avalonadvancedmaterials.com</a> or a copy may be obtained by written request to the Company's Corporate Secretary, at Suite 2060, 130 Adelaide Street West, Toronto, Ontario, Canada, M5H 3P5.</p> <p>(ii) The Board monitors compliance with its Code of Business Conduct and Ethics by requiring that each director, officer and employee annually affirm, in writing, that they have read and understood the Code of Conduct and has agreed to abide by it in all aspects.</p> <p>(iii) None.</p>
<p>Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>Each director and executive officer is required to fully disclose their interest in respect of any transaction or agreement to be entered into by the Company. Once such interest has been disclosed, the Board as a whole determines the appropriate level of involvement the director or executive officer should have in respect of the transaction or agreement.</p>
<p>Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>In addition to the Code of Business Conduct and Ethics, the Board has also adopted a Sustainability Policy which has replaced the Company's former Safety and Environmental Policy that was adopted by the Board in 2006. The Sustainability Policy builds on the measurable framework concept that was included in the Company's former Safety and Environmental Policy and sets out more detailed action items for each of the four categories of Health and Safety, Environment, Community and People. The Company believes that sustainability</p>

Disclosure Requirements	Comments
	<p>means adopting leading industry standards for the management of health, safety and the environment, transparently engaging with local communities and stakeholders, treating those with whom the Company works with respect and creating a workplace where employees are valued, engaged and encouraged to succeed.</p> <p>A description of each of the four sustainability categories follows:</p> <ul style="list-style-type: none"> <li>• Health and Safety - As a core value, the Company's objective is to create an injury free workplace and to enhance the wellbeing of employees, contractors and the communities in which it operates.</li> <li>• Environment - The preservation and protection of the long-term health, function and viability of the natural environment is a key objective.</li> <li>• Community - The Company is committed to being a responsible corporate citizen and contributing to the social and economic well-being of the communities associated with its activities.</li> <li>• People - A workplace based on mutual respect, fairness and integrity is a fundamental component of the Company's core values. The Company creates a workplace where employees are encouraged to innovate and grow within the organization over the long term.</li> </ul>
<i>6. Nomination of Directors</i>	

Disclosure Requirements	Comments
Describe the process by which the board identifies new candidates for board nomination.	<p>The CGN Committee is responsible for recommending candidates for nomination to the Board and governing the desirable characteristics for directors. In making such recommendations, the CGN Committee considers:</p> <ul style="list-style-type: none"> <li>(a) competencies and skills (including experience in economic, environmental or social topics) as they relate to the Board's requirements and as complements to its existing members;</li> <li>(b) ability to devote sufficient time and resources to the Board;</li> <li>(c) diversity; and</li> <li>(d) compliance with the requirements of the applicable securities regulatory authorities.</li> </ul>
Disclose whether or not the board has a nominating committee composed entirely of independent directors.	The CGN Committee is composed of three directors, all of whom are independent.
If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	<p>The CGN Committee is responsible for, among other things, identifying and recommending to the Board new candidates for the Board, annually reviewing the credentials of existing Board members to assess their suitability for re-election and ensuring that appropriate orientation and continuing education programs for new Board members and continuing education, as required, for all Board members are in place.</p> <p>The CGN Committee meets as often as is necessary to carry out its responsibilities.</p> <p>The CGN Committee is permitted access to all records and corporate information that it determines are required in order to perform its duties. The CGN Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors engaged by it.</p>
<i>7. Compensation</i>	

Disclosure Requirements	Comments
Describe the process by which the board determines compensation for the issuer's directors and officers.	The CGN Committee of the Board is responsible for reviewing the compensation of the Company's directors and officers and making recommendations to the Board with respect thereto. See also "Statement of Executive Compensation - B. Compensation Discussion and Analysis" of this Information Circular.
Disclose whether or not the board has a compensation committee composed entirely of independent directors.	The CGN Committee is composed of three directors, all of whom are independent.
If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	<p>The CGN Committee reviews compensation levels for all officers and in particular compensation levels for the CEO. The CGN Committee is responsible for, among other things, developing or approving performance goals and corporate objectives which the CEO is responsible for meeting, determining or recommending to the Board the compensation of the CEO, and reviewing the adequacy and form of compensation of the Board and members of the committees of the Board in light of the responsibilities and risks involved in being a director, in the case of the Board, and a Chair, in the case of Board committees. The CGN Committee meets as often as is necessary to carry out its responsibilities.</p> <p>The CGN Committee is permitted access to all records and corporate information that it determines are required in order to perform its duties. The CGN Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors engaged by it.</p>

Disclosure Requirements	Comments
<p>If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p>The Company has not retained a compensation consultant during the relevant time period.</p>
<p><i>8. Other Board Committees</i></p>	
<p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has no standing committees other than the Audit Committee and the CGN Committee.</p>
<p><i>9. Assessments</i></p>	
<p>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.</p> <p>If assessments are not regularly conducted, describe how the board satisfies itself that the</p>	<p>The CGN Committee of the Board has implemented a process for periodically assessing the effectiveness of the Board as a whole, as well as its committees and individual directors. As part of the assessment process, each director receives a comprehensive survey which covers, among other matters, the overall functioning of the Board and each Board committee, including its composition, structure and processes; the management structure and reporting functions; the Company's strategic direction and commitment to sustainability; the Board's operational oversight, the Board's relationship with management; and other relevant aspects of the Board's responsibilities and processes. The completed surveys are then compiled into a report which is provided to the CGN Committee. The CGN Committee reviews the results of the Board surveys and puts forward any recommendations it feels appropriate to address any comments or concerns expressed by directors. The report, along with the recommendations of the CGN Committee, is then presented to the Board for further discussion.</p> <p>Historically, Board effectiveness has been assessed by the Board as a whole, considering the</p>



Disclosure Requirements	Comments
<p>board, its committees, and its individual directors are performing effectively.</p>	<p>operation of the committees of the Board, the adequacy of information provided to the directors, the quality of communication between the Board and management and the historic growth and performance of the Company. The Board last undertook a formal assessment process in the 2015 financial year.</p>
<p><i>10. Director Term Limits and Other Mechanisms of Board Renewal</i></p>	
<p>Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>The Company has not adopted term limits for directors. The Company believes that in taking into account the nature and size of the Board and the Company, it is more important to have relevant experience than to impose set time limits on a director's tenure, which may create vacancies at a time when a suitable candidate cannot be identified and as such would not be in the best interests of the Company. In lieu of imposing term limits, the Company regularly encourages sharing and new perspectives through regularly scheduled Board meetings, meetings with only independent directors in attendance, as well as through continuing education initiatives. The CGN Committee is responsible for analyzing the skills and experience necessary for the Board and evaluating the need for director changes to ensure that the Company has highly knowledgeable and motivated Board members, while ensuring that new perspectives are available to the Board.</p>
<p><i>11. Audit Committee</i></p>	
<p>The audit committee should be composed entirely of independent directors and should have a specifically defined mandate.</p>	<p>The Board has an Audit Committee composed of three directors (Mr. Ferry, Mr. Haig and Mr. Kodatsky), each of whom is independent. A copy of the Audit Committee Charter can be found on the Company's website. Additional information regarding the Audit Committee is contained in the Company's Annual Information Form for the year ended August 31, 2023 (the "AIF") under the heading "Audit Committee Information". The AIF is available under the Company's profile on SEDAR at <a href="http://www.sedarplus.ca">www.sedarplus.ca</a>. The audit committee met four times during the 2023 financial year.</p>

Disclosure Requirements	Comments
<i>12. Diversity Disclosure</i>	
<p>Disclose whether the issuer has adopted a written policy relating to the identification and nomination of members of designated groups for directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p> <p>Disclose whether and, if so, how the board or nominating committee considers the level of representation of members of designated groups on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of members of designated groups on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.</p> <p>Disclose whether and, if so, how the issuer considers the level of representation of designated groups in executive officer/members of senior management positions when making such officer appointments. If the issuer does not consider the level of representation of designated groups in executive officer/members of senior management positions when making such officer appointments, disclose the issuer's reasons for not doing so.</p> <p>Disclose whether the issuer has adopted, for each group in the definition of "designated groups", a target number or percentage, or a range of target numbers or percentages, for members of the group to hold positions on the issuer's board by a specified date. If the issuer has not adopted such targets, disclose why it has not done so.</p> <p>Disclose whether the issuer has adopted, for each group in the definition of "designated groups", a target number or percentage, or a range of target numbers or percentages, for members of the group to hold executive officer/members of senior</p>	<p>The Company has not adopted a written policy on the identification and nomination of members of designated groups for executive officers/members of senior management or directors, or a target for the number of persons in these roles. The Company currently has eight directors and three executive officers/members of senior management, one of whom identifies as a woman (being 12.5% of the eight directors and 0% of the three executive officers, respectively). One of the Company's directors identifies as being an Indigenous person. None of the Company's Directors or Senior Officers identify as disabled or a member of a visible minority.</p> <p>The Company does not believe that quotas, strict rules or targets necessarily result in the identification or selection of the best candidates for directors or officers of the Company. However, it is mindful of the benefit of diversity in the workplace and on the Board, and the need to maximize its effectiveness and the effectiveness of the Board and the Board's decision-making abilities. The CGN Committee is committed to a merit-based system for Board composition, with an aim to retain the most qualified candidates for the applicable position. The CGN Committee and the Board are also committed to equality of opportunity and take concrete steps to increase the representation of members from the designated groups within senior management and on the Board.</p>

Disclosure Requirements	Comments
<p>management positions in the issuer by a specified date. If the issuer has not adopted such targets, disclose why it has not done so.</p>	
<p>For each group in the definition of “designated groups”, disclose the number and proportion (in percentage terms) of members of each group who hold position on the Board of the issuer.</p> <p>For each group in the definition of “designated groups”, disclose the number and proportion (in percentage terms) of members of each group who hold position as executive officers/members of senior management of the issuer, including all of its major subsidiaries.</p>	<p>See comments above on prior page.</p>

## **APPENDIX A**

### **AVALON ADVANCED MATERIALS INC.**

(the "Company")

### **MANDATE OF THE BOARD OF DIRECTORS**

#### **Mandate**

The Board of Directors (the "Board") of the Company is responsible for, on behalf of the shareholders, the stewardship of the Company and, in particular, for the supervision of the management of its business and affairs.

The Board discharges its responsibilities directly and through delegation to the various committees of the Board.

Directors of the Company are to exercise their business judgement in a manner consistent with their fiduciary duties. In particular, directors are required to act honestly and in good faith, with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

#### **Duties and Responsibilities**

##### **1. Managing the Affairs of the Board**

Subject to their legal obligations and to the Articles and By-laws of the Company, the Board retains the responsibility for managing its own affairs, including:

- a. planning its composition and size;
- b. selecting its Chair;
- c. nominating candidates for election to the Board;
- d. creating committees and appointing the members of such committees; and
- e. determining director compensation.

##### **2. Oversight of Management and Human Resources**

The Board has the responsibility for:

- a. the appointment and succession of the Chief Executive Officer (the "CEO") and other officers of the Company, the monitoring of the performance of the CEO and other officers of the Company, and the providing of advice and counsel to the CEO and other officers of the Company in the execution of their duties;

- b. approving decisions relating to senior management, including:
  - i. the appointment of officers;
  - ii. the compensation, including incentive compensation, of the officers of the Company;
  - iii. succession planning; and
  - iv. the employment contracts, termination and other special arrangements with executive officers, or other employee groups;
- c. approving and/or reviewing certain matters relating to all employees, including:
  - i. annual salary policies and/or programs;
  - ii. benefit and incentive programs;

### 3. Business Strategy and Objectives

The Board has the responsibility to:

- a. participate with management in the development of, and ultimately approve, the Company's strategic plan and objectives;
- b. approve the entering into, or withdrawing from, areas of business that are, or are likely to be, significant or material to the Company;
- c. approve material investments, acquisitions and divestitures by the Company;
- d. approve major transactions and contracts and other arrangements or commitments that may have a significant or material impact on the Company; and
- e. review management's implementation of appropriate community and environmental stewardship and safety and health management systems and programs.

### 4. Financial and Corporate Issues

The Board has the responsibility to:

- a. approve the annual and quarterly financial statements of the Company, including the notes thereto, and the release thereof by management;
- b. under the auspices of the Audit Committee:
  - i. oversee the processes implemented to ensure that the financial performance and results of the Company are reported fairly, accurately and in a timely manner in accordance with generally accepted accounting standards and in compliance with legal and regulatory requirements; and
  - ii. monitor the implementation, reliability and integrity of the Corporation's internal control and management information systems;
- c. approve an annual budget and operating plan for the Company and monitor the Company's performance against such budget and plan; and
- d. approve debt and equity financings, listings of securities and other matters related to the capital of the Company.

### 5. Business and Risk Management

The Board has the responsibility to:

- a. review with management (a) the processes utilized by management to identify, assess and manage risk and (b) review the implementation by management of appropriate systems to manage such risks; and

- b. receive regular reports from management on matters relating to health, safety, community relations and the environment.

## 6. Policies and Procedures

The Board has the responsibility to:

- a. direct management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards and promote a culture of integrity throughout the Company consistent with the Company's Code of Business Conduct and Ethics;
- b. review management's implementation of appropriate community and environmental stewardship and safety and health management systems;
- c. develop the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are applicable to the Company; and
- d. develop and/or approve all requisite or appropriate Board charters, policies and procedures and review regularly the content thereof.

## 7. Compliance Reporting and Corporate Communications

The Board has the responsibility to:

- a. oversee the implementation of policies to foster the timely disclosure of any developments that have a significant and/or material impact on the value of the Company and/or its shares;
- b. approve the Management Proxy Circular, Annual Information Form, Management's Discussion and Analysis, the Annual Report and all other corporate disclosure documents;
- c. ensure the Company has in place effective communication processes with shareholders and other stakeholders, with financial, regulatory and other recipients and with the media; and
- d. approve interaction with shareholders on all items requiring shareholder response or approval.

Approved by the Board of Directors on January 29, 2013.