

**CANASIL RESOURCES INC.**

#1760 – 750 West Pender Street  
Vancouver, BC  
Canada V6C 2T8

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**Annual General Meeting  
to be held on September 28, 2021**

**Notice of Annual General Meeting  
and  
Information Circular**

**August 24, 2021**

**CANASIL RESOURCES INC.**  
**#1760 - 750 WEST PENDER STREET**  
**VANCOUVER, B.C.**  
**V6C 2T8**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the shareholders of Canasil Resources Inc. (the “**Company**”) will be held by telephone conference call on September 28, 2021 at 10:30 a.m. (Vancouver time). **Shareholders will not be able to attend the Meeting in person.**

The Meeting will be held for the following purposes:

1. to receive and consider the financial statements of the Company for the year ended December 31, 2020, together with the auditor’s report thereon;
2. to fix the number of directors at four;
3. to elect directors for the ensuing year;
4. to appoint Davidson & Company LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor;
5. to confirm the Company’s stock option plan, as required annually by the policies of the TSX Venture Exchange; and
6. to transact such other business as may properly be put before the Meeting.

**Important**

As this is a virtual only Meeting, Shareholders are encouraged to complete, date and sign the enclosed form of proxy and return it to Computershare Investor Services Inc. at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, by 10:30 a.m. (Vancouver, British Columbia time) on September 24, 2021 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the Meeting at which the proxy is to be used). Only shareholders of record at the close of business on August 24, 2021 will be entitled to vote at the Meeting. **Shareholders will not be able to vote through the conference call. Voting will be conducted exclusively by proxy.**

In accordance with the advice of public health officials with respect to COVID-19, and in compliance with the Company’s Articles, the Meeting will be held exclusively by telephone conference call.

**Details of Telephone Conference**

Toll-free dial in number:	1 (888) 433-2192 (North America)
Dial in number:	1 (778) 945-1044 (International)
Participant code:	0332086

Shareholders will have an equal opportunity to participate at the Meeting regardless of their geographic location. Participants should dial in 5-10 minutes prior to the scheduled start time and ask to join the call.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 24<sup>th</sup> day of August, 2021.

**ON BEHALF OF THE BOARD**

*“Bahman Yamini”*

Bahman Yamini  
President and Chief Executive Officer

**CANASIL RESOURCES INC.**  
**#1760 - 750 WEST PENDER STREET**  
**VANCOUVER, B.C.**  
**V6C 2T8**

**INFORMATION CIRCULAR**

(as at August 24, 2021 except as otherwise indicated)

**SOLICITATION OF PROXIES**

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the management (the “**Management**”) of Canasil Resources Inc. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general meeting of the shareholders of the Company to be held on Tuesday, September 28, 2021 (the “**Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

**VIRTUAL ONLY MEETING**

The Company is having a virtual only meeting this year, which will be conducted by telephone conference call, as a result of the serious public health impact of the global COVID-19 pandemic, and in response to the recent public health measures enacted by the federal and provincial governments and public health officials to prudently protect the health and well-being of our communities, shareholders, employees and other stakeholders. **Shareholders will not be able to attend the Meeting in person. Voting will be conducted exclusively by proxy.**

The Meeting will be held in a virtual only format by telephone conference call commencing at 10:30 a.m. (Vancouver time) for the purposes set forth in the accompanying notice of Meeting (the “**Notice of Meeting**”).

**Details of Telephone Conference**

Toll-free dial in number:	1 (888) 433-2192 (North America)
Dial in number:	1 (778) 945 1044 (International)
Participant code:	0332086

Shareholders will have an equal opportunity to participate at the Meeting regardless of their geographic location. Participants should dial in 5-10 minutes prior to the scheduled start time and ask to join the Meeting. **Shareholders will not be able to vote through the conference call. Voting will be conducted exclusively by proxy.**

**APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to Computershare Investor Services Inc. (“**Computershare**”) by 10:30 a.m. (local time in Vancouver, British Columbia) on Friday,

September 24, 2021 or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above; or
- (b) signing and dating a written notice of revocation and delivering it to Computershare, or by transmitting a revocation by telephonic or electronic means, to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it.

### **Provisions Relating to Voting of Proxies**

**The shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditor as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the Management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.**

### **Advice to Beneficial Holders of Common Shares**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name.** Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be

carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

Pursuant to the provisions of NI 54-101, the Company is providing the Notice of Meeting, Circular and Proxy or VIF, as applicable, to both registered owners of the securities and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding 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 VIF. As a result, if you are a non-registered owner of the securities, you can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided or by facsimile. In addition, telephone voting and internet voting instructions can be found on the VIF. Computershare will tabulate the results of the VIFs received from the Company’s NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 10:30 a.m. (Vancouver time) on the day which is at least three business days prior to the Meeting. **If you are a Beneficial Shareholder, you should carefully follow the instructions of your Intermediary in order to submit the voting instructions for your Common Shares, including those regarding when and where the completed VIF or proxy form (as applicable) is to be delivered.**

**Your Intermediary may have also provided you with the option of voting by telephone or fax or through the internet. Your Intermediary must receive your voting instructions in sufficient time for your Intermediary to act on them. We strongly encourage all non-Registered Shareholders to submit their voting instructions to their Intermediary by Thursday, September 23, 2021. Computershare must receive proxy vote instructions from your Intermediary by no later than 10:30 a.m. (Vancouver Time) on Friday, September 24, 2021, or at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for any adjournment or postponement of the Meeting.**

All references to shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, Computershare, unless specifically stated otherwise.

### **Financial Statements**

The audited financial statements of the Company for the year ended December 31, 2020, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting.

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

As at August 24, 2021, the Company's authorized capital consists of an unlimited number of common shares of which 125,371,622 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

As the Meeting is a virtual only Meeting, which will be conducted by telephone conference call, Shareholders registered as at August 24, 2021, are encouraged to complete, date and sign the form of proxy and return it to Computershare Investor Services Inc. as set forth in the accompanying Notice of Meeting. **Shareholders will not be able to vote through the conference call.**

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company.

## ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. The number of directors of the Company was previously set at five. Shareholders will be asked at the Meeting to pass an ordinary resolution to set the number of directors for the ensuing year at four.

Pursuant to the advance notice policy adopted by the Board of Directors (the “**Board**”) on March 19, 2014, any additional director nominations for the Meeting must have been received by the Company in compliance with the advance notice policy no later than the close of business on August 24, 2021. As of August 24, 2021, no such nominations were received by the Company.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>Bahman Yamini</b> British Columbia, Canada <i>President, CEO and Director</i>	President and CEO of the Company since May 14, 2002.	January 1994	5,843,207
<b>Alvin W. Jackson</b> <sup>(2)(3)</sup> British Columbia, Canada <i>Director</i>	Director and VP Exploration and Development of Freegold Ventures Limited and Director of CopAur Minerals Inc. and Finlay Minerals Ltd.	April 2002	705,333
<b>Michael McInnis</b> <sup>(2)(3)</sup> British Columbia, Canada <i>Director</i>	Executive Chairman and Director of Abacus Mining & Exploration Corp. and Director of Victoria Gold Corp.	October 2003	544,000
<b>Arthur Freeze</b> <sup>(2)(3)(4)</sup> British Columbia, Canada <i>Director</i>	Director of Orex Minerals Inc., Barsele Minerals Corp., Silver Viper Minerals Corp., and Norsemont Mining Inc.	March 2007	1,050,666



Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the audit committee.
- (3) A member of the compensation committee.
- (4) Mr. Freeze holds 830,666 common shares through Stillwater Enterprises Ltd., a company controlled and directed by him.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

### **Corporate Cease Trade Orders or Bankruptcies**

No director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Individual Bankruptcies**

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

### **Penalties or Sanctions**

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

## **DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

The following information is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation - Venture Issuers*. For the purposes of this Circular:

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

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

“Named Executive Officer” or “NEO” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, 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 and 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 NEO 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 most recently completed that financial year.

Based on the foregoing definition, during the last completed financial year of the Company, the Company had two NEOs, being Bahman Yamini, the President and CEO of the Company and Kerry Spong, the CFO and Vice-President, Finance of the Company.

#### Director and NEO Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, excluding compensation securities, to each NEO and director, in any capacity, for the two most recently completed financial years ended December 31.

Table of compensation excluding compensation securities							
Name and position	Year (Dec. 31)	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites <sup>(1)</sup> (\$)	Value of all other compensation (\$)	Total Compensation (\$)
<b>Bahman Yamini</b> <sup>(2)(7)</sup> <i>CEO, President and Director</i>	2020	225,000	Nil	Nil	Nil	Nil	225,000
	2019	225,000	Nil	Nil	Nil	Nil	225,000
<b>Kerry Spong</b> <sup>(3)</sup> <i>CFO and Vice-President, Finance</i>	2020	Nil	Nil	Nil	Nil	87,500	87,500
	2019	Nil	Nil	Nil	Nil	150,000	150,000
<b>Alvin W. Jackson</b> <sup>(4)(7)</sup> <i>Director</i>	2020	12,000	Nil	Nil	Nil	Nil	12,000
	2019	12,000	Nil	Nil	Nil	Nil	12,000
<b>Michael D. McInnis</b> <sup>(5)(7)</sup>	2020	12,000	Nil	Nil	Nil	Nil	12,000
	2019	12,000	Nil	Nil	Nil	Nil	12,000

Table of compensation excluding compensation securities							
Name and position	Year (Dec. 31)	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites <sup>(1)</sup> (\$)	Value of all other compensation (\$)	Total Compensation (\$)
<i>Director</i>							
<b>Arthur Freeze</b> <sup>(6)(7)</sup>	2020	12,000	Nil	Nil	Nil	Nil	12,000
<i>Director</i>	2019	12,000	Nil	Nil	Nil	Nil	12,000

Notes:

- 1) Includes, if applicable, housing allowances, education, utilities, wellness subsidies and cash pension benefits.
- 2) Bahman Yamini was appointed CEO and President of the Company on May 14, 2002 and director of the Company on January 3, 1994.
- 3) Kerry Spong was appointed CFO and Vice President, Finance of the Company on October 27, 2006.
- 4) Alvin W. Jackson was appointed director of the Company on April 8, 2002.
- 5) Michael D. McInnis was appointed director of the Company on October 29, 2003.
- 6) Arthur Freeze was appointed director of the Company on March 26, 2007.
- 7) Directors are compensated through the grant of stock options and the payment of directors' fees of \$12,000 per director per annum, which were paid during the year ended December 31, 2020

### External management companies

None of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

### Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each NEO and director by the Company for services provided or to be provided, directly or indirectly, to the Company during the Company's most recently completed financial year ended December 31, 2020.

Compensation Securities							
Name and position	Type of compensation security <sup>(1)</sup>	Number of compensation securities, number of underlying securities, and percentage of class <sup>(2)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Bahman Yamini</b> <sup>(2)(3)</sup> <i>CEO, President and Director</i>	Options	400,000 .34%	22 May 2020	0.08	0.075	0.11	22 May 2025
		1,800,000 1.53%	9 Nov 2020	0.11	0.105	0.11	21 Dec 2025

Compensation Securities							
Name and position	Type of compensation security <sup>(1)</sup>	Number of compensation securities, number of underlying securities, and percentage of class <sup>(2)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Kerry Spong</b> <sup>(2)(4)</sup> <i>CFO and Vice-President, Finance</i>	Options	200,000 .17%	22 May 2020	0.08	0.075	0.11	22 May 2025
		950,000 .81%	9 Nov 2020	0.11	0.105	0.11	21 Dec 2025
<b>Alvin W. Jackson</b> <sup>(2)(5)</sup> <i>Director</i>	Options	100,000 .085%	22 May 2020	0.08	0.075	0.11	22 May 2025
		450,000 .38%	9 Nov 2020	0.11	0.105	0.11	21 Dec 2025
<b>Michael D. McInnis</b> <sup>(2)(6)</sup> <i>Director</i>	Options	100,000 .085%	22 May 2020	0.08	0.075	0.11	22 May 2025
		450,000 .38%	9 Nov 2020	0.11	0.105	0.11	21 Dec 2025
<b>Arthur Freeze</b> <sup>(2)(7)</sup> <i>Director</i>	Options	100,000 .085%	22 May 2020	0.08	0.075	0.11	22 May 2025
		450,000 .38%	9 Nov 2020	0.11	0.105	0.11	21 Dec 2025

Notes:

- (1) Each Option is exercisable or redeemable into one Common Share of the Company and the percentage disclosed represents the percentage of the issued and outstanding Common Shares of the Company as at December 31, 2020, being 117,471,622 Common Shares. All of the compensation securities granted or issued in the fiscal year ended December 31, 2020 were comprised of Common Shares or securities exercisable into Common Shares. The closing price per Common Share on the TSX Venture Exchange (the "TSXV") on December 31, 2020, being the last trading day of the Company's most recently completed fiscal year, was C\$0.11.
- (2) Unless otherwise noted below, all Options disclosed in this table vested immediately.
- (3) As of the last day of the most recently completed fiscal year, Mr. Yamini held 2,750,000 Options.
- (4) As of the last day of the most recently completed fiscal year, Mr. Spong held 1,375,000 Options.
- (5) As of the last day of the most recently completed fiscal year, Mr. Jackson held 750,000 Options.
- (6) As of the last day of the most recently completed fiscal year, Mr. McInnis held 750,000 Options.
- (7) As of the last day of the most recently completed fiscal year, Mr. Freeze held 750,000 Options.

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

The following table sets out all compensation exercised by directors and NEOs of the Company, being solely comprised of Options, during the year ended December 31, 2020.

**There were no exercises by NEO's or Directors in 2020.**

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
<b>Bahman Yamini</b> <i>CEO, President and Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Kerry Spong</b> <i>CFO and Vice-President, Finance</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Alvin W. Jackson</b> <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Michael D. McInnis</b> <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Arthur Freeze</b> <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Stock Option Plan

The following information is intended as a brief description of the Company's stock option plan (the "**Stock Option Plan**") and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting. The Stock Option Plan was previously approved by shareholders of the Company on September 30, 2020. The shareholders of the Company are being asked at the Meeting to confirm the Company's Stock Option Plan, as required annually by the policies of the TSXV. See "Particulars of Matters of to be acted Upon – Confirming Stock Option Plan". The Stock Option Plan is consistent with the requirements of the TSXV and provides as follows:

1. The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which shall not be less than the Discounted Market Price (as defined in the policies of the TSXV), provided that the price shall not be less than \$0.05.
2. The Board shall not grant options to any one person in any 12-month period, unless the requisite disinterested shareholder approval has been received, which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.

3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the Board grants and announces the granting of the option.
4. If the option holder ceases to be a director, officer, employee or consultant of the Company (other than by reason of death) then the option granted shall expire 90 days from the date on which the option holder ceases to be a director, officer, employee or consultant, unless otherwise specified in the grant, provided that no option shall continue in effect for more than 12 months following the date on which such persons ceases to be in that role.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the TSXV, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three-month period.

The Company's Stock Option Plan is intended to emphasize Management's commitment to the growth of the Company and the enhancement of shareholders' equity through, for example, improvements in its resource base and share price increments.

#### **Employment, consulting and management agreements**

The following is a summary of the terms of employment, consulting and management agreements of the Company's directors and NEOs during the fiscal year ended December 31, 2020.

##### ***Bahman Yamini – CEO, President and Director***

The Company entered into an employment agreement with Bahman Yamini in January 2016, pursuant to which Mr. Yamini was engaged to act as the Company's President and CEO (the "**Yamini Agreement**") for a monthly salary of \$12,500. In December 2016, the Yamini Agreement was amended to increase the monthly salary to \$18,750. The Yamini Agreement shall continue indefinitely until terminated in writing by the Company or Mr. Yamini in accordance with the terms of the Yamini Agreement.

Under the Yamini Agreement, Mr. Yamini's employment can be terminated by the Company at any time by providing Mr. Yamini with 24 months' of his monthly salary. In the event the Company, or any successor company, terminates the agreement within one year of a "Change of Control" (as defined in the Yamini Agreement), the Company must pay Mr. Yamini an amount equal to 24 months' of his monthly salary and all options currently held by Mr. Yamini will vest immediately. The Company can terminate the Yamini Agreement at any time for cause.

##### ***Kerry Spong – CFO and Vice President, Finance***

The Company entered into a management contract with Kerry Spong in January 2016, pursuant to which Mr. Spong was engaged to provide certain financial services to the Company (the "**Spong Agreement**") for a monthly fee of \$6,500. In December 2016, the Spong Agreement was amended to increase the monthly fee to \$12,500. The Spong Agreement shall continue indefinitely until terminated in writing by the Company or Mr. Spong in accordance with the terms of the Spong Agreement.

Under the Spong Agreement, Mr. Spong’s services can be terminated by the Company at any time by providing Mr. Spong with 24 months’ of his monthly fees. In the event the Company, or any successor company, terminates the agreement within one year of a “Change of Control” (as defined in the Spong Agreement), the Company must pay Mr. Spong an amount equal to 24 months’ of his monthly fees.

Other than as disclosed above, the Company has not entered into any other contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company, or a change in an NEOs responsibilities.

**Oversight and description of director and named executive officer compensation**

The Company has a Compensation Committee (the “**Committee**”) consisting of Alvin Jackson, Arthur Freeze and Michael McInnis, all of whom are independent. The Company’s compensation policies and programs are designed to be competitive with similar mining companies and to recognize and reward executive performance consistent with the success of the Company’s business. These policies and programs are intended to attract and retain capable and experienced people. The Committee’s role and philosophy is to ensure that the Company’s compensation goals and objectives, as applied to the actual compensation paid to the Company’s CEO and other executive officers, are aligned with the Company’s overall business objectives and with shareholder interests.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the most recently completed financial year:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by the securityholders	8,890,000	\$0.13	2,857,162
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
<b>Total</b>	8,890,000	\$0.13	2,857,162

**PENSION PLAN BENEFITS**

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

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

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the most recently completed financial year of the Company.

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

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

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

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

## **APPOINTMENT OF AUDITOR**

### **Auditor**

Management intends to nominate Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia, for re-appointment as auditor of the Company. Forms of proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of Davidson & Company LLP, Chartered Professional Accountants, as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the directors.

## **MANAGEMENT CONTRACTS**

Other than as disclosed elsewhere in this Circular, no Management functions of the Company are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

## **AUDIT COMMITTEE**

The Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

### **Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.



## **Composition of Audit Committee and Independence**

The Company's current Audit Committee consists of Alvin Jackson, Michael McInnis and Arthur Freeze.

National Instrument 52-110 - *Audit Committees* ("NI 52-110") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company's Board, reasonably interfere with the exercise of the member's independent judgment. Of the Company's current Audit Committee members, all are "independent" within the meaning of NI 52-110.

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. All of the members of the Audit Committee are "financially literate" as that term is defined. The following sets out the Audit Committee members' education and experience that is relevant to the performance of his responsibilities as an audit committee member.

### **Relevant Education and Experience**

**Alvin Jackson** – Mr. Jackson has over 30 years of experience as an exploration geologist and mining executive. He serves as a Director and VP Exploration and Development of Freegold Ventures Limited and a Director of CopAur Minerals Inc. and Finlay Minerals Ltd.

**Michael McInnis** – Mr. McInnis serves as a Director on the Boards of a number of other mineral companies.

**Arthur Freeze** – Mr. Freeze has 45 years of experience in mineral exploration and project management. He has held consulting, management and supervisory positions with international mining companies and serves as a director on the boards of Ores Minerals Inc., Barsele Minerals Corp., Silver Viper Minerals Corp., and Norsemont Mining Inc.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-Audit Services) of NI 52-110, which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company;
- (b) the exemption in subsection 6.1.1(4) (Circumstances Affecting the Business or Operations of the Venture Issuer) of NI 52-110;

- (c) the exemption in subsection 6.1.1(5) (Events Outside Control of Member) of NI 52-110;
- (d) the exemption in subsection 6.1.1(6) (Death, Incapacity or Resignation) of NI 52-110; or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

### Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

### Audit Fees

The following table sets forth the fees paid by the Company and its subsidiaries to Davidson & Company LLP, Chartered Professional Accountants, for services rendered in the last two fiscal years:

	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Audit fees <sup>(1)</sup>	22,000	27,500
Audit related fees <sup>(2)</sup>	268	336
Tax fees <sup>(3)</sup>	6,650	6,000
All other fees <sup>(4)</sup>	-	-
<b>Total</b>	<u>28,918</u>	<u>\$33,836</u>

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audited related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.

### Exemption in Section 6.1

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

### CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the

effective and efficient operation of Canadian corporations. The Company's approach to corporate governance is set out below.

### **Board of Directors**

Management is nominating four individuals to the Board, all of whom are current directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. The "material relationship" is defined as a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a director's independent judgement. All of the current members of the Board are considered "independent" within the meaning of NI 52-110, except for Bahman Yamini, who is the President and CEO of the Company.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the President to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee and Compensation Committee and the chairperson of each committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of both the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over Management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the "Act"), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees.

### **Directorships**

The following directors of the Company are also directors of other reporting issuers as stated:

- Michael McInnis is a director of Victoria Gold Corp. and Abacus Mining & Exploration Corp.;
- Arthur Freeze is a director of Orex Minerals Inc., Barsele Minerals Corp.; and Silver Viper Minerals Corp.

- Alvin Jackson is a director of Freegold Ventures Limited, Finlay Minerals Ltd. and CopAur Minerals Inc.

### **Orientation and Continuing Education**

The Company does not have a formal orientation and continuing education program. However, the Company ensures that new board members are properly trained and oriented as part of the Board of Directors' overall stewardship responsibility. The Board is responsible for supervising Management in carrying on the business and affairs of the Company. Directors are required to act and exercise their powers with reasonable prudence in the best interests of the Company. The Board discharges the following responsibilities as part of its overall stewardship responsibility:

- the strategic planning process of the Company;
- identification and management of the principal risks associates with the business of the Company;
- planning for succession of Management;
- the Company's policies regarding communications with its shareholders and others; and
- the integrity of the internal controls and management information systems of the Company.

### **Ethical Business Conduct**

The Board encourages and promotes a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility.

### **Nomination of Directors**

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached.

### **Compensation Committee**

The Compensation Committee is a committee comprised of three directors whose primary purpose is to enable the Company to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Company's Management and directors (including annual retainer, meeting fees, bonuses and option grants) including any severance packages. A majority of the members shall not be officers or employees of the Company and shall be unrelated, independent directors.

Members of the Compensation Committee shall be appointed or reappointed at the meeting of the Board following the Company's annual general meeting and from among the appointees to the Compensation Committee, the Board shall appoint a chairperson (the "**Compensation Committee Chairperson**"). The duties of the Compensation Committee Chairperson include overseeing the proper functioning of the Compensation Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Compensation Committee will meet as often as may be necessary or appropriate in its judgment.

In exercising its mandate, the Compensation Committee sets the standards for the compensation of directors, employees and officers based on industry data and with the goal to attract, retain and motivate

key persons to ensure the long term success of the Company. Compensation generally includes the three (3) following components: base salary, annual bonus based on performance and grant of stock options. The Compensation Committee takes into account the context of its activities and increased competition in the market for its key personnel while also taking into account the performance and objectives set forth for the Company.

The Compensation Committee is accountable to the Board and reports to the Board at its next regular meeting all deliberations and actions it has taken since any previous report. Minutes of Compensation Committee meetings will be available for review by any member of the Board on request to the Compensation Committee Chairperson.

The members of the Compensation Committee are Michael McInnis, Alvin Jackson and Arthur Freeze.

### **Assessments**

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing to mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

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

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

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

### **Confirming Stock Option Plan**

Shareholders are being asked to confirm approval of the Stock Option Plan which was last approved by shareholders on September 30, 2020.

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which shall not be less than the Discounted Market Price (as defined in the policies of the Exchange), provided that the price shall not be less than \$0.05.
2. The Board shall not grant options to any one person in any 12 month period, unless the requisite disinterested shareholder approval has been received, which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.

3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the Board grants and announces the granting of the option.
4. If the option holder ceases to be a director, officer, employee or consultant of the Company (other than by reason of death) then the option granted shall expire 90 days from the date on which the option holder ceases to be a director, officer, employee or consultant, unless otherwise specified in the grant, provided that no option shall continue in effect for more than 12 months following the date on which such persons ceases to be in that role.

In accordance with the policies of the Exchange, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting.

Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

**“IT IS RESOLVED THAT the Stock Option Plan is hereby approved and confirmed.”**

### **General Matters**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company’s comparative annual financial statements to December 31, 2019, a copy of which, together with Management’s Discussion and Analysis thereon, can be found on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at:

Canasil Resources Inc.  
#1760 - 750 West Pender Street  
Vancouver, British Columbia  
V6C 2T8

Telephone: 604 708-3788

**BOARD APPROVAL**

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

DATED at Vancouver, British Columbia, the 24<sup>th</sup> day of August, 2021.

**ON BEHALF OF THE BOARD**

*“Bahman Yamini”*

Bahman Yamini  
President and Chief Executive Officer

**CANASIL RESOURCES INC.**

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**SCHEDULE "A"**  
**CHARTER OF THE AUDIT COMMITTEE**

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**1. Purpose**

The purpose of the Audit Committee (the "Committee") is to act as the representative of the Board of Directors in carrying out its oversight responsibilities relating to:

- (a) the quality and integrity of the Company's financial statements;
- (b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;
- (c) the internal controls and disclosure controls of the Company;
- (d) the performance of the Company's internal audit function;
- (e) the qualifications, independence and performance of the Company's auditor.

**2. Authority**

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- (b) communicate directly with the Company's auditor.

**3. Composition and Expertise**

The Committee shall consist of a minimum of three directors, all of whom are "independent" within the meaning of National Instrument 52-110, Audit Committees, for so long as the Company is a "venture issuer", as defined therein.

The Committee shall be appointed annually by the Board of Directors immediately following the Annual General Meeting ("AGM") of the Company. Each member of the Committee shall be financially literate, meaning that he or she must be able to read and understand financial statements. Committee members hold office until the next AGM or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chair of the Committee. If the Chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

**4. Meetings**

The Committee shall meet at least four times a year to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of time and place of every meeting shall be given in writing to each member of the Committee at least 24 hours prior to the time fixed for such meeting.



A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

## **5. Committee and Charter Review**

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

In addition, the Committee shall review and reassess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as guidelines recommended by regulators or the TSX Venture Exchange and shall recommend changes to the Board thereon.

## **6. Reporting to the Board**

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. Such report to the Board may take the form of an oral report by the Chair or circulating copies of the minutes of each meeting held.

## **7. Responsibilities**

The Committee's duty is to monitor and oversee the operations of the Management and the auditor. Management is responsible for establishing and following the internal controls, financing reporting processes and for compliance with applicable laws and regulations. The auditor is responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards, and for issuing its report on the statements.

The specific duties of the Committee are as follows:

- Recommending the appointment and the compensation of the auditor (the "Auditor") to the Board;
- Engaging, at the Company's expenses, independent counsel and other advisors as it determines necessary to carry out its duties;
- Reviewing the scope and approach of the annual audit;
- Overseeing the work of the Auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between Management and the Auditor regarding financial reporting;
- Reviewing the independence of the Auditor on an annual basis;
- Discussing with the Auditor the quality and the acceptability of the generally accepted accounting principles applied by Management;
- Reviewing and evaluating the status and adequacy of the Company's internal controls and internal information systems;

- Reviewing and discussing the Company's quarterly financial statements and the Management's Discussions and Analysis ("MD&A") with Management;
- Reviewing and discussing the annual financial statements and the MD&A with Management and Auditor;
- Recommending to the Board whether the quarterly or annual financial statements and the related MD&A should be accepted, filed with the securities regulatory bodies and publicly disclosed.
- Discussing with Management and the Auditor the Company's policies with respect to risk assessment and risk management.
- Reviewing with Auditor any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management and management's responses to such matters.