

# TERAS RESOURCES INC.

## ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON OCTOBER 29, 2021

### NOTICE OF MEETING AND MANAGEMENT PROXY AND INFORMATION CIRCULAR

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF TERAS RESOURCES INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF TERAS RESOURCES INC. TO BE HELD ON FRIDAY, OCTOBER 29, 2021.*

**COVID-19 NOTICE:** IN LIGHT OF THE PUBLIC HEALTH EMERGENCY ASSOCIATED WITH THE COVID-19 PANDEMIC, THE CORPORATION IS REQUESTING ALL SHAREHOLDERS TO REFRAIN FROM ATTENDING THE MEETING IN PERSON AND, INSTEAD, TO VOTE BY PROXY, BY MAIL, BY E-MAIL SCAN OR ON THE INTERNET, RATHER THAN ATTENDING THE MEETING IN PERSON. **THE CORPORATION MAY LIMIT ATTENDEES AS REQUIRED BY THE MASS GATHERING RESTRICTIONS IMPLEMENTED BY THE GOVERNMENT OF ALBERTA OR OTHERS, IF ANY, AT THE TIME OF THE MEETING.** See the COVID-19 Notice in the Notice of Meeting and Management Information Circular.

TO BE HELD AT:

The Offices of DLA Piper (Canada) LLP  
10<sup>th</sup> Floor, Livingston Place, West Tower  
250 – 2<sup>nd</sup> Street SW  
Calgary, Alberta

At 9:30 a.m.

Dated: September 14, 2021

**TERAS RESOURCES INC.****NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING** (the “**Meeting**”) of holders of common shares (“**Common Shares**”) of TERAS RESOURCES INC. (the “**Corporation**”) will be held at the offices of DLA Piper (Canada) LLP, 10<sup>th</sup> Floor, Livingston Place, West Tower, 250 – 2<sup>nd</sup> Street SW, Calgary, AB T2P 0C1, on Friday, October 29, 2021 at 9:30 a.m. for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended May 31, 2020, and the report of the auditor thereon, as well as the unaudited financial statements of the Corporation for the interim period ended February 28, 2021;
2. to fix the number of directors of the Corporation to be elected at the Meeting at five (5);
3. to elect the Board of Directors of the Corporation for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to set the auditor’s remuneration;
5. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular prepared for the purpose of the Meeting, relating to the re-approval of the stock option plan of the Corporation; and
6. to transact such other business as may be properly brought before the meeting or any adjournment thereof.

**DATED** this 14<sup>th</sup> day of September, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*signed “Joseph Carrabba”*

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**Joseph Carrabba**

**President and Chief Executive Officer**

**NOTE:**

**COVID-19 NOTICE:** Due to the public health restrictions implemented to combat the spread of the COVID-19 pandemic, including restrictions on mass gatherings implemented by the Government of Alberta and others, if any, and taking into account the health and safety of our employees, shareholders, service providers and other stakeholders, **THE CORPORATION IS REQUESTING ALL SHAREHOLDERS TO REFRAIN FROM ATTENDING THE MEETING IN PERSON AND, INSTEAD, TO VOTE BY PROXY, BY MAIL, BY E-MAIL SCAN OR ON THE INTERNET, RATHER THAN ATTENDING THE MEETING IN PERSON TO VOTE.** Restrictions with regard to the Meeting may be implemented by the Corporation as required in accordance with applicable laws, to comply with public health restrictions and to ensure the health and safety of our employees, shareholders, service providers and other stakeholders. At the Meeting, the Corporation may adopt screening or other measures for identifying COVID-19 symptoms or risk factors as may be recommended or required by applicable health authorities, or the Corporation may require proof of vaccination in order to attend the Meeting. These measures may include requiring registered shareholders or duly appointed proxy holders

still wishing to attend the Meeting in person to sign a representation letter at the Meeting that they are not a confirmed case of COVID-19 or a close contact of a confirmed case of COVID-19, they are not experiencing cold or flu-like systems, including fever, cough, difficulty breathing, muscle aches, fatigue, headache, sore throat or runny nose, that they have not travelled outside of Canada for a period of two weeks preceding the Meeting date, and/or that they are fully vaccinated. The Corporation reserves the right to refuse admission to a shareholder or proxyholder seeking to attend the Meeting if the Corporation believes the shareholder or proxyholder poses a health risk to attendees at the Meeting or that admission to the Meeting would otherwise breach public health restrictions. **THE CORPORATION MAY LIMIT ATTENDEES AS REQUIRED BY THE MASS GATHERING RESTRICTIONS IMPLEMENTED BY THE GOVERNMENT OF ALBERTA AND OTHERS, IF ANY, AT THE TIME OF THE MEETING.** In addition, any attendees may be required to wear face masks and practice social distancing at the Meeting.

**In light of the public health restrictions, the Corporation will not be providing a corporate presentation or question and answer session at the Meeting.**

**As the COVID-19 outbreak continues to be a rapidly evolving situation, and in light of changing public health restrictions and recommendations related to COVID-19, there may be changes to the date, time or location of the Meeting, or the Corporation may adjourn or postpone the Meeting. The Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. Any such changes will be communicated by news release which will be made available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).**

**WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE BY PROXY PRIOR TO THE MEETING RATHER THAN ATTENDING THE MEETING IN PERSON.**

All proxies, to be valid, must be received by AST Trust Company (Canada), Proxy Dept., P.O. Box 721 Agincourt, ON M1S 0A1 or by email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com), or by facsimile to 416-368-2502 (Toll Free:1-866-781-3111 Canada & US Only), at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

**TERAS RESOURCES INC.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR (“MANAGEMENT INFORMATION CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF TERAS RESOURCES INC. (THE “CORPORATION”)** of proxies from the holders of common shares (the “**Common Shares**”) for the annual general and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held on Friday, October 29, 2021 at 9:30 a.m. at the offices of DLA Piper (Canada) LLP, 10<sup>th</sup> Floor, Livingston Place, West Tower, 250 – 2<sup>nd</sup> Street SW, Calgary, AB T2P 0C1, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (“**Notice of Meeting**”).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

**COVID-19 NOTICE**

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**date, time or location of the Meeting, or the Corporation may adjourn or postpone the Meeting. The Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. Any such changes will be communicated by news release which will be made available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).**

**WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE BY PROXY PRIOR TO THE MEETING RATHER THAN ATTENDING THE MEETING IN PERSON.**

### **NOTICE AND ACCESS**

The Corporation has elected to use the notice-and-access provisions (“**Notice-and-Access Provisions**”) provided for under NI 54-101 for the Meeting in respect of mailings to beneficial holders of Common Shares (i.e., a shareholder who holds their Common Shares in the name of a broker or an agent) and in respect of mailings to registered holders of Common Shares (i.e., a shareholder whose name appears on our records as a holder of Common Shares). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that are mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Corporation will not use procedures known as ‘stratification’ in relation to the use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using Notice-and-Access Provisions provides a paper copy of the relevant information circular to some, but not all, shareholders with the notice package in relation to the relevant meeting. In relation to the Meeting, all shareholders will receive notice containing information prescribed by the Notice-and-Access Provisions and a form of proxy or voting instruction form, as applicable.

The Corporation will be delivering proxy-related materials to non-objecting beneficial owners of Common Shares directly with the assistance of Broadridge Financial Solutions, Inc. (“**Broadridge**”). The Corporation does not intend to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of Common Shares and therefore objecting beneficial owners will not receive the Management Information Circular, a form of proxy and the financial information in respect of our most recently completed financial year (the “**Meeting Materials**”) unless their intermediary assumes the costs of delivery.

The Meeting Materials will be available electronically at [www.teras.ca/investors/](http://www.teras.ca/investors/) as of September 24, 2021, and will remain on the website for one (1) full year thereafter. The Meeting Materials will also be available on the Canadian Securities Administrators System for Electronic Document Analysis and Retrieval website (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com).

Shareholders who wish to receive paper copies of the Meeting Materials may request copies from AST Trust Company (Canada) by calling toll-free at 1-888-433-6443 or 416-682-3801 (outside of Canada and the U.S.) or by sending an email to [fulfillment@astfinancial.com](mailto:fulfillment@astfinancial.com). Meeting Materials will be sent to such shareholders and to shareholders requesting paper copies of the Meeting Materials by any other means at no cost to them, within three (3) business days of the Corporation receiving their request, if such requests are made before the date of the Meeting, including any adjournment thereof, and within 10 calendar days of the Corporation receiving their request, if such requests are made on or after the date of the Meeting and within one (1) calendar year of the Meeting Materials being filed online.

### **APPOINTMENT AND REVOCATION OF PROXIES**

**The persons named (the “Management Designees”) in the enclosed instrument of proxy (“Instrument of Proxy”) have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the**

**right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation's transfer agent, AST Trust Company (Canada), Proxy Dept., P.O. Box 721 Agincourt, ON M1S 0A1, or by email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com), or by facsimile to 416-368-2502 (Toll Free:1-866-781-3111 Canada & US Only), at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or with AST Trust Company (Canada), Proxy Dept., P.O. Box 721 Agincourt, ON M1S 0A1, or by email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com), or by facsimile to 416-368-2502 (Toll Free:1-866-781-3111 Canada & US Only), at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or at any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his or her shares.

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**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 in this Management Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation'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, 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 The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting 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 shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form 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 Corporation. 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, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms 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.**

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 or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

This Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting may have been sent directly by the Corporation (including through the services of its transfer agent), rather than through an intermediary, to non-objecting beneficial owners under National Instrument 54-101. These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation 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 Corporation (and not the intermediary holding 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.

### **VOTING OF PROXIES**

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to**

**voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Corporation.**

### **QUORUM**

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders of the Corporation if at least two holders of not less than five (5%) percent of the outstanding shares of the Corporation entitled to vote at the Meeting are present in person or by proxy.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. As at the effective date of this Information Circular (the “**Effective Date**”), which is September 14, 2021, the Corporation has 251,095,124 Common Shares issued and outstanding as fully paid and non-assessable.

There are no other shares of any other class issued or outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

Holders of Common Shares of record at the close of business on September 14, 2021 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his or her Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his or her name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his or her Common Shares at the Meeting.

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

### **EXECUTIVE COMPENSATION**

#### **Compensation Discussion and Analysis**

The compensation program of the Corporation is designed to attract, motivate, reward and retain knowledgeable and skilled executives required to achieve the Corporation’s corporate objectives and increase shareholder value. The main objective of the compensation program is to recognize the contribution of the executive officers to the overall success and strategic growth of the Corporation. The compensation program is designed to reward management performance by aligning a component of the compensation with the Corporation’s business performance and share value. The philosophy of the Corporation is to pay the management a total compensation amount that is competitive with other Canadian junior resource companies and is consistent with the experience and responsibility level of the

management. The purpose of executive compensation is to reward the executives for their contributions to the achievements of the Corporation on both an annual and long term basis.

The compensation program provides incentives to its management and directors to achieve long term objectives through grants of stock options under the Corporation's stock option plan and performance shares. Increasing the value of the Corporation's Common Shares increases the value of the stock options and performance shares. This incentive closely links the interests of the Named Executive Officers and directors to shareholders of the Corporation.

The Board of Directors is satisfied that there were not any identified risks arising from the Corporation's compensation plans or policies that would have had any negative or material impact on the Corporation. The Corporation does not have any policy in place to permit an executive officer or director to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

The Corporation entered into a consulting agreement (the "**Carrabba Consulting Agreement**") effective January 1, 2021, with Joseph Carrabba, which provides that Mr. Carrabba will act as the President and CEO of the Corporation. Pursuant to the Carrabba Consulting Agreement, the Corporation is required to pay \$20,000 per month for the services performed on behalf of the Corporation by Mr. Carrabba. In the event of termination of the Carrabba Consulting Agreement by the Corporation without just cause, Mr. Carrabba is entitled to a lump sum payment in the amount of 12 months of the monthly fee. In the event of a change of control of the Corporation, the Carrabba Consulting Agreement shall be terminated and Mr. Carrabba is entitled to an amount as follows: (i) in the event that the market capitalization of the Corporation on the date of the change of control is less than \$35 million, a lump sum payment in the amount of 12 months of the monthly fee; (ii) in the event that the market capitalization of the Corporation on the date of the change of control is between \$35 million and \$70 million, a lump sum payment in the amount of 24 months of the monthly fee; (iii) in the event that the market capitalization of the Corporation on the date of the change of control is over \$70 million and the price at which the change of control takes place is a premium of less than 20%, a lump sum payment in the amount of 24 months of the monthly fee; and (iv) in the event that the market capitalization of the Corporation on the date of the change of control is over \$70 million and the price at which the change of control takes place is a premium of 20% or more, a lump sum payment in the amount of 36 months of the monthly fee. The Carrabba Consulting Agreement will terminate upon the mutual consent of the parties thereto.

The Corporation entered into a consulting agreement (the "**Baid Consulting Agreement**") effective January 1, 2021, with Kuldip Baid, which provides that Mr. Baid will act as the Chief Financial Officer of the Corporation. Pursuant to the Baid Consulting Agreement, the Corporation is required to pay \$7,500 per month for the services performed on behalf of the Corporation by Mr. Baid. In the event of termination of the Baid Consulting Agreement by the Corporation without just cause, Mr. Baid is entitled to a lump sum payment in the amount of 12 months of the monthly fee. The Baid Consulting Agreement will terminate upon the mutual consent of the parties thereto.

The Corporation entered into a consulting agreement (the "**Leger Consulting Agreement**") effective June 1, 2021, with Peter Leger. Pursuant to the Leger Consulting Agreement, the Corporation is required to pay \$10,000 per month for the services performed on behalf of the Corporation by Mr. Leger. In the event of termination of the Leger Consulting Agreement by the Corporation without just cause, Mr. Leger is entitled to a lump sum payment in the amount of 12 months of the monthly fee. The Leger Consulting Agreement will terminate upon the mutual consent of the parties thereto.

### **Option-based Awards**

During the financial year ended May 31, 2020, the Board of Directors granted 1,750,000 stock options to directors and officers of the Corporation and during the financial year ended May 31, 2021, the Board of Directors granted 4,150,000 stock options to directors and officers of the Corporation. The Corporation took into account the options granted during the previous financial year in determining the grant of options in the financial years ended May 31, 2020 and May 31, 2021.

The allocation of the number of options granted among the directors and officers of the Corporation is determined by the entire Board of Directors. See “*Incentive Plan Awards*” below and “*DIRECTOR COMPENSATION - Incentive Plan Awards*” below.

### **Compensation Governance**

The following are the members of the Corporate Governance and Compensation Committee, as at the date hereof:

Dennis LaPoint	Independent
Peter Leger	Not-independent

All members of the Corporate Governance and Compensation Committee are knowledgeable about the Corporation’s compensation programs and possess an understanding of compensation theory and practice, personnel management and development, succession planning and executive development. In addition, all members are “financially literate” within the meaning of National Instrument 52-110 and have accounting or related financial management experience or expertise.

The responsibilities of the Corporate Governance and Compensation Committee in respect of compensation matters include reviewing and recommending to the Board of Directors the compensation policies and guidelines for supervisory management and personnel, corporate benefits, bonuses and other incentives and reviewing officer and director compensation; succession plans for officers and for key employees; and material changes and trends in human resources policy, procedure, compensation and benefits. The responsibilities of the Corporate Governance and Compensation Committee in respect of corporate governance matters include addressing all governance issues identified by securities regulators and any additional issues as they arise by virtue of the operations and growth of the Corporation as being emerging progressive issues of corporate governance.

The Corporate Governance and Compensation Committee has unrestricted access to the Corporation’s personnel and documents and is provided with the resources necessary, including, as required, the engagement and compensation of outside advisors, to carry out its responsibilities.

### **Summary Compensation Table**

The following table sets forth all annual and long term compensation for the three most recently completed financial years for services in all capacities to the Corporation and its subsidiaries, if any, in respect of individual(s) who were acting as, or were acting in a capacity similar to, a chief executive officer or chief financial officer and the three most highly compensated executive officers whose total compensation exceeded \$150,000 per annum (the “**Named Executive Officers**”).

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year Ended May 31	Salary (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2) (3)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
<b>Joseph Carrabba</b> President and Chief Executive Officer <sup>(6)</sup>	2021	100,000	Nil	117,496	Nil	Nil	Nil	Nil	217,496
	2020	Nil	Nil	64,574	Nil	Nil	Nil	Nil	64,574
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Peter Leger</b> Former President and Chief Executive Officer <sup>(7)</sup>	2021	239,167	Nil	50,163	Nil	Nil	Nil	Nil	289,330 <sup>(4)</sup>
	2020	208,267	Nil	14,798	Nil	Nil	Nil	Nil	223,065 <sup>(4)</sup>
	2019	250,000	Nil	Nil	Nil	Nil	Nil	Nil	250,000 <sup>(4)</sup>
<b>Kuldip C. Baid</b> Chief Financial Officer	2021	69,035	Nil	10,033	Nil	Nil	Nil	7,000	76,035
	2020	54,060	Nil	Nil	Nil	Nil	Nil	12,000 <sup>(5)</sup>	66,060
	2019	54,060	Nil	Nil	Nil	Nil	Nil	12,000 <sup>(5)</sup>	66,060

**Notes:**

- (1) **“Share-Based Award”** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock and includes performance shares.
- (2) **“Option-Based Award”** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.
- (3) The “grant date fair value” has been determined by using the Black-Scholes option pricing model. See discussion below.
- (4) Mr. Leger did not receive any additional compensation for serving as a director of the Corporation.
- (5) This amount represents a health benefit.
- (6) On January 23, 2020, Joseph Carrabba was appointed as the President and Chief Executive Officer of the Corporation, replacing Mr. Leger.

**Narrative Discussion**

Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple “in-the-money” value calculation. In fact, stock options that are well out-of-the-money can still have a significant “grant date fair value” based on a Black-Scholes option pricing model, especially where, as in the case of the Corporation, the price of the share 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.

## Incentive Plan Awards

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

The following table sets forth details of all awards outstanding for each Named Executive Officer of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option <sup>(1)(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 (\$)
<b>Joseph Carrabba</b> President and Chief Executive Officer	1,000,000	\$0.09	November 10, 2025	Nil	N/A	N/A	N/A
	1,000,000	\$0.08	June 12, 2025	Nil			
	1,200,000	\$0.06	January 23, 2025	Nil			
<b>Peter Leger</b> Former President and Chief Executive Officer	750,000	\$0.09	November 10, 2025	Nil	1,000,000 <sup>(3)</sup>	\$155,000 <sup>(3)</sup>	N/A
	275,000	\$0.06	January 23, 2025	Nil			
	550,000	\$0.15	April 4, 2022	Nil			
	150,000	\$0.15	September 29, 2021	Nil			
<b>Kuldip C. Baid</b> Chief Financial Officer	150,000	\$0.09	November 10, 2025	Nil	N/A	N/A	N/A
	100,000	\$0.15	April 4, 2022	Nil			
	250,000	\$0.15	September 29, 2021	Nil			

#### Notes:

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at May 31, 2021, being \$0.055 per Common Share, and the exercise price of the options.
- (3) Represents a November 25, 2010 grant of performance shares.

None of the awards disclosed in the table above have been transferred at other than fair market value.

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

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer.

Name and Title	Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup>	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
<b>Joseph Carrabba</b> President and Chief Executive Officer	Nil	N/A	N/A
<b>Peter Leger</b> Former President and Chief Executive Officer	Nil	N/A	N/A
<b>Kuldip C. Baid</b> Chief Financial Officer	Nil	N/A	N/A

**Note:**

(1) Based on the difference between the market prices of the Common Shares on the vesting dates and the exercise price.

**Narrative Discussion**

The Corporation has a stock option plan (the “**Plan**”) previously approved by the shareholders of the Corporation on March 20, 2020. The significant terms of the Plan are disclosed in this Management Information Circular under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Re-approval of Stock Option Plan*”.

**Pension Plan Benefits**

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

**Termination and Change of Control Benefits**

The Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer’s responsibilities.

**DIRECTOR COMPENSATION**

During the financial year ended May 31, 2020, the Corporation had six (6) directors, two (2) of which, were also Named Executive Officers. During the financial year ended May 31, 2021, the Corporation had five (5) directors, one (1) of which, was also a Named Executive Officer. For a description of the compensation paid to the Named Executive Officer of the Corporation who also acts as a director of the Corporation, see “*EXECUTIVE COMPENSATION*”.

**Director Compensation Table**

The following table sets forth all compensation provided to directors who are not also Named Executive Officers (“**Outside Directors**”) of the Corporation for the financial years ended May 31, 2020 and May 31, 2021.

Name	Year Ended May 31	Fees Earned (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
<b>John Batiuk</b> <sup>(4)</sup>	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dennis LaPoint</b>	2021	\$6,000	Nil	\$20,065	Nil	Nil	Nil	\$20,065
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Michael Attaway</b>	2021	\$6,000	Nil	\$20,065	Nil	Nil	Nil	\$20,065
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Thomas (Toby) Mancuso</b>	2021	Nil	Nil	\$33,442	Nil	Nil	\$63,672	\$97,114
	2020	Nil	Nil	\$14,798	Nil	Nil	\$4,574	\$19,372

**Notes:**

- (1) “**Share-Based Award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) “**Option-Based Award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The “grant date fair value” has been determined by using the Black-Scholes option pricing model.
- (3) These amounts represent consulting fees.
- (4) Mr. Batiuk resigned as a director of the Corporation on January 23, 2020.

**Incentive Plan Awards****Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth details of all awards outstanding for each Outside Director of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option <sup>(1)(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 (\$)
<b>John Batiuk</b>	Nil	N/A	N/A	N/A	N/A	N/A	N/A
<b>Dennis LaPoint</b>	300,000	\$0.09	November 10, 2025	Nil	N/A	N/A	N/A
	100,000	\$0.15	April 4, 2022	Nil			
	150,000	\$0.15	September 29, 2021				
<b>Michael Attaway</b>	300,000	\$0.09	November 10, 2025	Nil	N/A	N/A	N/A

Name and Title	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option <sup>(1)(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 (\$)
Thomas (Toby) Mancuso	500,000	\$0.09	November 10, 2025	Nil	N/A	N/A	N/A
	275,000	\$0.06	January 23, 2025	Nil			
	100,000	\$0.15	April 4, 2022	Nil			
	700,000	\$0.09	September 9, 2023	Nil			

**Notes:**

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at May 31, 2021, being \$0.055 per Common Share, and the exercise price of the options.
- (3) These options expired as at the date of this Management Information Circular.

None of the awards disclosed in the table above have been transferred at other than fair market value.

**Incentive Plan Awards - Value Vested or Earned During the Year**

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for Outside Directors of the Corporation.

Name	Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup>	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
John Batiuk	Nil	N/A	N/A
Dennis LaPoint	Nil	N/A	N/A
Michael Attaway	Nil	N/A	N/A
Thomas (Toby) Mancuso	Nil	N/A	N/A

**Note:**

- (1) Based on the difference between the market prices of the Common Shares on the vesting dates and the exercise price.

**Narrative Discussion**

The significant terms of the Plan are disclosed in this Management Information Circular under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Re-approval of Stock Option Plan*”.

**Other Compensation**

Other than as set forth herein, the Corporation did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

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

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's most recently completed financial year.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)<sup>(1)</sup></b>
Equity compensation plans approved by securityholders	13,450,000 Common Shares	\$0.09 per Common Share	8,814,812 Common Shares
Equity compensation plans not approved by securityholders	1,000,000 Common Shares <sup>(2)</sup>	N/A	N/A
<b>Total</b>	<b>14,450,000 Common Shares</b>	<b>\$0.09 per Common Share</b>	<b>8,814,812 Common Shares</b>

**Note:**

- (1) The aggregate number of Common Shares that may be reserved for issuance under the Plan shall not exceed 10% of the Corporation's issued and outstanding shares.
- (2) Refers to performance shares.

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

No director, executive officer, employee or former director, executive officer or employee of the Corporation nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

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

Other than as set forth herein, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

## **MANAGEMENT CONTRACTS**

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

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

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

## AUDIT COMMITTEE

### Audit Committee Terms of Reference

The text of the Corporation's Audit Committee charter is set out under the heading "Audit Committee Terms of Reference" in the Corporation's Management Information Circular dated August 23, 2012 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on September 11, 2012, which is incorporated by reference herein.

### Audit Committee Composition

The following are the members of the Audit Committee, as at the Effective Date:

Dennis LaPoint	Independent	Financially Literate <sup>(1)</sup>
Peter Leger <sup>(2)</sup>	Not-independent	Financially Literate <sup>(1)</sup>
Michael Attaway	Independent	Financially Literate <sup>(1)</sup>

**Note:**

- (1) As defined by National Instrument 52-110 ("NI 52-110").  
 (2) Chairman of the Audit Committee

### Relevant Education and Experience

All members of the audit committee have been involved in the financing, administration and operation of managing small private and/or public companies for several years and have been either directly or indirectly involved in the preparation of the financial statements, filing of the quarterly and annual financial statements, dealing with the auditors, or as a member of the audit committee. All members of the audit committee have the ability to read, analyze, and understand the complexities surrounding the issuance of financial statements.

### Audit Committee Oversight

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

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Securities Regulatory Authority Exemption).

### Pre-Approval Policies and Procedures

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "*Audit Committee Terms of Reference - External Auditors*".

### External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit and other fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2021	\$32,500	\$750	Nil	Nil
2020	\$3,000	\$3,000	Nil	Nil

### **Exemption**

The Corporation is relying upon the exemption in section 6.1 of NI 52-110, the exemption for Venture issuers in relation to the requirement that every audit committee member be independent.

## **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Corporation. The Board of Directors is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. To achieve this goal, the Corporation has implemented an Audit Committee Terms of Reference, a Whistle Blower Policy, an Insider Trading and Reporting Policy, a Disclosure and Confidentiality Policy, and a Corporate Governance and Compensation Committee Terms of Reference.

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices (“NI 58-101”), the Corporation is required to disclose its corporate governance practices as summarized below.

### **Board of Directors**

The Board of Directors is currently comprised of five (5) members. All of these individuals are nominated for re-election at the Meeting, other than Mr. Carrabba who is nominated for election at the Meeting as he was appointed as a director of the Corporation following the last shareholder meeting. Mr. Dennis LaPoint and Mr. Michael Attaway are the current independent directors of the Corporation.

Mr. Joseph Carrabba, the President and Chief Executive Officer of the Corporation, Mr. Thomas Mancuso, the Vice President of the Corporation, and Mr. Peter Leger, the former Chief Executive Officer and the President of the Corporation, as current or former members of management, are not independent directors.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the board of directors, reasonably interfere with the exercise of a director’s independent judgment. As disclosed above, the Board of Directors is not comprised of a majority of independent directors. During the ensuing year, the Board may consider to seek one or more suitable candidates for appointment to the Board of Directors who meet the independence criteria in NI 58-101 to increase the number of independent directors. The independent judgment of the Board of Directors in carrying out its responsibilities is the responsibility of all directors. The Board of Directors of the Corporation facilitates independent supervision of management through meetings of the Board of Directors and through frequent informal discussions among independent members of the Board of Directors and management. In addition, the Board of Directors have free access to the Corporation’s external auditors, legal counsel and to any of the Corporation’s officers.

### **Directorship**

The following directors of the Corporation are currently directors of the following other reporting issuers:

Name	Name of Reporting Issuer
Joseph Carrabba	TimkenSteel Corp. ( NYSE)
	Aecon Group Inc. (TSX)
	NioCorp Developments Ltd. (TSX)
	Winston Gold Corp. (CSE)

### **Orientation and Continuing Education**

Each new director is given an outline of the nature of the Corporation's business, its corporate strategy and current issues with the Corporation. New directors are also expected to meet with management of the Corporation to discuss and better understand the Corporation's business and are advised by counsel to the Corporation of their legal obligations as directors of the Corporation. New directors are also given copies of the Corporation's policies.

The introduction and education process will be reviewed on an annual basis by the Board of Directors and will be revised as necessary.

### **Ethical Business Conduct**

The Board of Directors has considered adopting a written code of business conduct and ethics and has decided that it is not necessary to adopt such a code at the present time.

The Board of Directors has established a Whistle Blower Policy, which establishes the complaint procedure for concerns about any aspect of the Corporation's activities and operations. The Corporation has also adopted an Insider Trading and Reporting Policy which establishes procedures for when insiders may trade securities of the Corporation. The Corporation has also adopted a Disclosure and Confidentiality Policy which establishes procedures for ensuring adequate disclosure and compliance with disclosure requirements as well as procedures for maintaining confidentiality. The Corporation has also adopted the Corporate Governance and Compensation Committee Terms of Reference described under the heading "*EXECUTIVE COMPENSATION - Compensation Governance*" above. The above policies assist in maintaining the ethical business conduct of the officers and directors of the Corporation.

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

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

### **Nomination of Directors**

The Board of Directors have not appointed a nominating committee. The Board of Directors determine new nominees to the Board of Directors although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board of Directors members including both formal and informal discussions among the Board of Directors members and officers.

### **Compensation**

The Corporation has a Corporate Governance and Compensation Committee. See “*EXECUTIVE COMPENSATION - Compensation Governance*” above.

### **Other Board of Directors Committees**

The Corporation has no standing Committees at this time other than the Audit Committee and the Corporate Governance and Compensation Committee as discussed above.

### **Assessments**

The Board of Directors have not implemented a formal process for assessing its effectiveness or the effectiveness of its individual members or its committees. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board of Directors, the Board of Directors consider a formal assessment process to be unnecessary at this time. The Board of Directors plan to continue evaluating its own effectiveness on an ad hoc basis.

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

To the knowledge of the Board of Directors of the Corporation, the only matters to be brought before the meeting are those matters set forth in the accompanying Notice of Meeting.

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

The Board of Directors of the Corporation has approved all of the information in the audited financial statements of the Corporation for the year ended May 31, 2021, and the report of the auditor thereon, as well as the unaudited financial statements of the Corporation for the interim period ended February 28, 2021 copies of which are delivered herewith.

### **2. Fix Number of Directors to be Elected at the Meeting**

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that five (5) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).**

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

The Corporation currently has five (5) directors and all of these directors are being nominated for re-election at the Meeting, other than Mr. Carrabba who is nominated for election, as he was appointed as a director of the Corporation following the last shareholder meeting. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's municipality of residence, principal

occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number and percentage of Common Shares of the Corporation that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board of Directors.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual general meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the *Business Corporations Act* to which the Corporation is subject.

Name and Municipality of Residence	Present Office and Date First Appointed a Director	Principal Occupation and Positions Held During the Past Five Years	Number and % of Common Shares Beneficially Owned or Controlled as at the Effective Date <sup>(1)</sup>
Joseph Carrabba Key Largo, Florida,	President, Chief Executive Officer and Director January 23, 2020	Joseph A. Carrabba is the former Chairman, President and Chief Executive Officer of Cliffs Natural Resources Inc., where he served in executive capacities from 2005 to 2013. Prior to joining Cliffs Natural Resources Inc., Mr. Carrabba gained broad experience in the mining industry throughout Canada, the United States, Asia, Australia and Europe. He served for over 20 years in a variety of leadership capacities at Rio Tinto, a global mining company, including as President and Chief Operating Officer of Rio Tinto's Diavik Diamond Mines, Inc. in the Northwest Territories, Canada. Mr. Carrabba is the Lead Director of NioCorp Developments Ltd. Mr. Carrabba has also been a director of Aecon Group Inc. since 2013, Timken Steel Corporation since 2014 and Winston Gold since July 2019. Mr. Carrabba holds a Bachelor of Arts from Capital University in Ohio and a Master of Business Administration from Frostburg State University in Maryland.	3,748,700 (1.49%)
Peter Leger <sup>(2)(3)</sup> Calgary, AB	Director May 12, 2006	Businessman. Mr. Leger has held positions of Vice President and Director of Radar Acquisitions Corp from March 2003 to January 2009. Peter was a founder and director of TIEX, a publicly traded company on the TSX Venture, from March 2005 to May 2008. Tiex was acquired by Bullion Gold Resources Corp in 2012; as well he was a founder of Vindt Resources Inc., from May 2005 to April 2007, which amalgamated with Shear Wind Inc. a publicly traded company and acquired by Sprott Power in 2012. All of the above companies were listed on the TSX-Venture Exchange.	3,097,002 (1.23%)

Name and Municipality of Residence	Present Office and Date First Appointed a Director	Principal Occupation and Positions Held During the Past Five Years	Number and % of Common Shares Beneficially Owned or Controlled as at the Effective Date <sup>(1)</sup>
Dennis LaPoint <sup>(2)(3)</sup> Chapel Hill, North Carolina	Director April 9, 2008	Geologist and business consultant. President and owner of Appalachian Resources, LLC. Consultant to Alcoa Corporation in 2004 for their successful gold exploration program in Suriname, South America. Dr. LaPoint holds a B.Sc in geology from the University of Iowa, a Masters of Science degree from the University of Montana and a PhD in geology from the University of Colorado. Dr. LaPoint has over 30 years of experience in resource exploration.	10,000 (0.004%)
Michael Attaway <sup>(2)</sup> Mesa, Arizona	Director May 23, 2014	Currently the Chief Operating Officer of Lincoln Gold Mining Inc.	10,000 (0.004%)
Thomas (Toby) Mancuso Reno, Nevada	Vice President and Director May 30, 2018	Managing Director of NexGen Mining Inc. Mr. Mancuso also operates his own company, Mancuso Resource Development Services, LLC.	1,590,119 (0.633%)

**Notes:**

- (1) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors or is based on information available to the Corporation.
- (2) Member of the Audit Committee.
- (3) Member of the Corporate Governance and Compensation Committee.

*Cease Trade Orders*

Other than as set forth below, no proposed director, within 10 years before the date of this Management Information Circular, has been, a director, chief executive officer or chief financial officer of any company that:

(a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) 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 (collectively, an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

*Bankruptcies*

No proposed director, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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.

*Personal Bankruptcies*

No proposed director has, within 10 years before the date of this Management 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 such proposed director.

*Penalties and Sanctions*

No proposed director has been subject to:

- (a) 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
- (b) 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,

other than a settlement agreement entered into before December 31, 2000 that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

**4. Appointment of Auditor**

The shareholders of the Corporation will be asked to vote for the re-appointment of Crowe MacKay LLP, Calgary, Alberta (“**Crowe MacKay LLP**”), as auditor of the Corporation. Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing Crowe MacKay LLP, as auditor of the Corporation, to hold office until the close of the next annual general meeting of shareholders or until the firm of Crowe MacKay LLP is removed from office or resigns as provided by the Corporation's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favour of a resolution authorizing the Board of Directors to fix the compensation of the auditor. Crowe MacKay LLP was appointed auditor of the Corporation on September 15, 2006.

**5. Re-approval of Stock Option Plan**

The Corporation has a stock option plan (the “**Plan**”) previously approved by the shareholders of the Corporation on March 20, 2020. A copy of the Plan is attached as Exhibit I to the Corporation's Management Information Circular dated August 12, 2011 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on August 23, 2011. The Plan is incorporated herein by reference.

The Plan shall be administered by the Board of Directors of the Corporation, or if appointed, by a special committee of directors appointed from time to time by the Board of Directors (the “**Board**”). The aggregate number of Common Shares which may be reserved for issuance under the Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares. The number of Common Shares subject to an option to a participant shall be determined by the Board, but no participant shall be granted an option which exceeds the maximum number of shares permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The exercise price of the Common Shares covered by each option shall be determined by the Board, provided however, that the exercise price shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The maximum length any option shall be ten (10) years from the date the option is granted, provided that participant's options expire ninety (90) days after a participant ceases to act for the Corporation, subject to extension at the discretion of the

Board, except upon the death of a participant, in which case the participant's estate shall have twelve (12) months in which to exercise the outstanding options. The Plan includes a provision that should an option expiration date fall within a blackout period or immediately following a blackout period, the expiration date will automatically be extended for ten (10) business days following the end of the blackout period. The Board of Directors have the absolute discretion to amend or terminate the Plan, subject to any required regulatory and shareholder approvals.

Policy 4.4 of the TSX Venture Exchange Inc. (the "**Exchange**") requires that rolling stock option plans must receive shareholder approval yearly, at an issuer's annual general meeting. In accordance with Policy 4.4, shareholders will be asked to consider and if thought fit, approve an ordinary resolution re-approving, adopting and ratifying the Plan as the Corporation's stock option plan.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

**"Be it resolved as an ordinary resolution of the Corporation that:**

- 1. the stock option plan of the Corporation be approved substantially in the form attached as Exhibit I to the 2011 Management Information Circular of the Corporation dated August 12, 2011 (the "Plan") and the Plan be and is hereby ratified, approved and adopted as the stock option plan of the Corporation;**
- 2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;**
- 3. the issued and outstanding stock options previously granted shall be continued under and governed by the Plan;**
- 4. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and**
- 5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."**

**Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution re-approving the Plan.** In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by shareholders who vote in respect to the resolution.

#### **OTHER BUSINESS**

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

**GENERAL**

**Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein.** All special resolutions to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders require the approval of the shareholders not affected by, or interested in, the matter to be approved.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the Corporation's most recently completed financial year is provided, or will be provided, in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Corporation by mail or fax at:

Teras Resources Inc.  
#206, 6025 - 12th Street SE  
Calgary, AB T2H 2K1  
Fax: (403) 269-3290  
Attention: President

to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

**BOARD APPROVAL**

The contents and the sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.