



INFORMATION CIRCULAR **as at October 28, 2022**

This Information Circular is furnished in connection with the solicitation by the management of Rackla Metals Inc. (the “**Company**”) of votes with respect to the Annual General Meeting of the holders of common shares (“**Common Shares**”) of the Company to be held on Wednesday, December 14, 2022 (the “**Meeting**”) and any adjournment thereof, at the time and place and for the purposes set forth in the accompanying notice of the Meeting (the “**Notice of the Meeting**”).

In this Information Circular, references to “**Non-Registered Holders**” means shareholders who do not hold Common Shares in their own name and “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Holders.

PROXIES

Notice-and-Access Process

The Company has elected to use the notice-and-access provisions (“**Notice-and-Access**”) of National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), for distribution of this Information Circular, form of proxy (“**Proxy**”) and other meeting materials (the “**Meeting Materials**”) to registered shareholders and Non-Registered Holders of the Company.

Under Notice-and-Access, rather than the Company mailing paper copies of the Meeting Materials to shareholders, the Meeting Materials can be accessed online on the Company’s SEDAR profile at www.sedar.com or on the Company’s website at <http://www.racklametals.com/s/Agm> . The Company has adopted this alternative means of delivery for the Meeting Materials in order to reduce paper use and the printing and mailing costs.

Shareholders will receive a “notice package” (the “**Notice-and-Access Notification**”) by prepaid mail, with details regarding the Meeting date, location and purpose, and information on how to access the Meeting Materials online or request a paper copy.

Shareholders will not receive a paper copy of the Meeting Materials unless they contact the Company at the toll free number as set out in the Notice of the Meeting. Provided the request is made prior to the Meeting, the Company will mail the requested materials within three business days. **Requests for paper copies of the Meeting Materials should be made by November 30, 2022 in order to receive the Meeting Materials in time to vote before the Meeting.**

Shareholders with questions about Notice-and-Access may contact the Company toll-free at 1-888-627-9378.

Non-Registered Holders

Only registered holders of Common Shares or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, Common Shares beneficially owned by a Non-Registered Holder are registered either:

- (a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or

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

In accordance with the requirements of NI 54-101, the Company will distribute the Notice-and-Access Notification to Intermediaries and clearing agencies for onward distribution to Non-Registered Holders. The Company does not intend to pay Intermediaries to forward the Notice-and-Access Notification if the Non-Registered Holders have provided instructions to their Intermediary that they object to the Intermediary disclosing ownership information about the Non-Registered Holders. In this case, such Non-Registered Holder will not receive the Meeting Materials if the Intermediary does not assume the cost of delivery.

Intermediaries are required to forward the Notice-and-Access Notification to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive Meeting Materials. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will be sent a voting instruction form (“**VIF**”), rather than a Proxy, which must be completed, signed and returned by the Non-Registered Holder in accordance with the directions in the VIF. In some cases, Non-Registered Holders will instead be given a Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. This form of proxy does not need to be signed by the Non-Registered Holder, but, to be used at the Meeting, needs to be properly completed and deposited with Computershare Trust Company as described under “*Solicitation and Deposit of Proxies and VIFs*” below.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares that they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the Proxy and insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions on the form.

Non-Registered Holders should carefully follow the instructions in their Proxy or VIF, including instructions regarding when and where the Proxy or VIF is to be delivered.

Solicitation and Deposit of Proxies and VIFs

While it is expected that the solicitation will be primarily by Notice-and-Access and mail, votes may be solicited personally or by telephone by the directors and regular employees of the Company. All costs of solicitation will be borne by the Company. The Company has arranged for Intermediaries to forward the Notice-and-Access Notification to Non-Registered Holders of Common Shares held as of record by those Intermediaries and the Company may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

The individuals named in the Proxy and VIF are directors or officers of the Company. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent the shareholder at the Meeting has the right to do so, either by inserting such person’s name in the blank space provided in the Proxy or VIF and striking out the printed names, or by completing another form of proxy or VIF.** The Proxy or VIF will not be valid unless the completed, dated and signed Proxy or VIF is received by Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, ON M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, or is delivered to the Chair of the Meeting prior to commencement of the Meeting or any adjournment thereof.

Voting of Proxies and VIFs

Voting at the Meeting will be by way of a show of hands, with each registered shareholder and proxyholder having one vote, unless a ballot vote is required or requested. Common Shares represented by any properly executed and delivered Proxy or VIF will be voted or withheld from voting only on a ballot, in accordance with the instructions given by the shareholder. **In the absence of such direction, such Common Shares will be voted in favour of the matters set forth herein.**

The Proxy or VIF, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of the Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or

variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the Proxy or VIF to vote in accordance with their best judgment on such matters or business. As at the date hereof, the management of the Company knows of no such amendment, variation or other matter that may be come before the Meeting.

Revocation of Proxies and VIFs

A shareholder who has given a Proxy or VIF may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, 200 Burrard Street, Suite 650, Vancouver, British Columbia, V6C 3L6, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chair of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a Proxy or VIF does not affect any matter on which a vote has been taken prior to the revocation.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Company had issued and outstanding 45,581,308 fully paid and non-assessable common shares, each share carrying the right to one vote. **THE COMPANY HAS NO OTHER CLASSES OF VOTING SECURITIES.**

Holders of Common Shares as at the Record Date of October 27, 2022 who either personally attend the Meeting or who have completed and delivered a Proxy or VIF in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

To the knowledge of the directors and senior officers of the Company, the only person or company who beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company is:

<u>Name</u>	<u>No. of Shares</u>	<u>Percentage</u>
Simon Ridgway	8,765,621	19.2%

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board of Directors of the Company (the "Board"), the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice, as more particularly described as follows:

Appointment and Remuneration of Auditors

The management of the Company will recommend to the Meeting to appoint Smythe LLP as auditors of the Company for the ensuing year, and to authorize the directors to fix their remuneration. Smythe LLP were first appointed auditors of the Company on February 25, 2014.

Election of Directors

The Board presently consists of five directors and it is intended to determine the number of Directors at five and to elect five Directors at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the British Columbia *Business Corporations Act*.

The following table sets out the names of the nominees for election as directors, where each is ordinarily resident, all offices of the Company now held by them, their principal occupations, the period of time for which each has been a director of the

Company, and the number of Common shares of the Company or any of its subsidiaries beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name, Position and Residency ⁽¹⁾	Principal Occupation ⁽¹⁾	Period as a Director	No. of Common Shares ⁽¹⁾
Simon Ridgway CEO & Director British Columbia, Canada	CEO of the Company and Volcanic Gold Mines Inc. (mineral exploration).	September 20, 2011 to present	8,765,621
Bruce Smith President & Director New Zealand	Consulting Geologist; President of the Company; President and CEO of Radius Gold Inc. (mineral exploration).	October 25, 2017 to present	1,709,950
William Katzin ⁽²⁾ Director British Columbia, Canada	Chartered Accountant; Partner of Campbell Saunders & Co.	October 12, 2011 to present	260,000
Timothy Beale ⁽²⁾ Director British Columbia, Canada	Consulting Geologist; Joint Owner and Director of Hephaestus Consulting Services Inc. (private consulting company); Vice-President, Exploration of Pampa Metals Corporation (mineral exploration).	November 23, 2011 to present	Nil
David Cass ⁽²⁾ Director British Columbia, Canada	Vice-President, Exploration of Bluestone Resources Inc. (mineral exploration).	November 23, 2011 to present	3,367

Notes:

- (1) The information as to residency, principal occupation, and shares beneficially owned is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Member of the Audit Committee.

Simon Ridgway was a director of a corporation when a management cease trade order was issued by the British Columbia Securities Commission (the “**BCSC**”) on April 3, 2017 against the CEO and CFO of the corporation in connection with the corporation’s failure to timely file financial statements, related management discussion and analysis and an annual information form for its financial year ended December 31, 2016. The delay in the filing of these documents was due to pending resolution of a regulatory review of certain of the corporation’s filings by the United States Securities and Exchange Commission. On May 25, 2017, the BCSC revoked the management cease trade order after the corporation filed the required records.

Stock Option Plan

On October 12, 2022, the Board approved minor or technical amendments to its stock option plan (the “**Stock Option Plan**”). All outstanding stock options granted by the Company will be governed by the terms and conditions of the Stock Option Plan.

The policies of the TSX Venture Exchange (the “**Exchange**”) require that the Company obtain shareholder approval to its stock option plan yearly at the annual general meeting. The Exchange has conditionally accepted the amended Stock Option Plan, the material terms of which are as follows:

- (a) Persons eligible to be granted a stock option under the Stock Option Plan are Directors, Officers, Employees, Management Company Employees, and Consultants, and an entity all the voting securities of which are owned by such persons;
- (b) the Stock Option Plan reserves for issue pursuant to stock options and any other share compensation arrangement of the Company, a maximum number of Common Shares equal to 10% of the outstanding Common Shares of the Company from time to time;
- (c) unless Disinterested Shareholder Approval is obtained:

- i. the aggregate number of Common Shares reserved for issue to Insiders under the Stock Option Plan and any other share compensation arrangement of the Company may not exceed 10% of the outstanding Common Shares at any point in time;
 - ii. the aggregate number of Common Shares reserved for issue to Insiders under the Stock Option Plan and any other share compensation arrangement of the Company in any 12-month period may not exceed 10% of the outstanding Common shares as at the time of grant;
 - iii. the number of Common Shares reserved for issue to any one person in any 12 month period under the Stock Option Plan may not exceed 5% of the outstanding Common Shares at the time of grant; and
 - iv. the number of Common Shares issued to any person within a 12 month period pursuant to the exercise of stock options granted under the Stock Option Plan and any other share compensation arrangement of the Company shall not exceed 5% of the outstanding Common Shares at the time of the exercise;
- (d) the number of Common Shares reserved for issue to any Consultant in any 12 month period under the Stock Option Plan may not exceed 2% of the outstanding Common Shares at the time of grant;
- (e) the aggregate number of Common Shares reserved for issue to any person providing Investor Relations Activities in any 12 month period may not exceed 2% of the outstanding Common Shares at the time of grant;
- (f) the Board may determine the manner in which a stock option may vest and become exercisable (apart from stock options granted to persons performing Investor Relations Activities which shall vest as prescribed by the Exchange's policies);
- (g) the exercise price per Common Share for a stock option may not be less than the Market Price of the Common Shares at the time of the grant;
- (h) stock options may have a term not exceeding ten years;
- (i) stock options are non-assignable and non-transferable;
- (j) the Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the Common Shares;
- (k) unless Disinterested Shareholder Approval is obtained, the Board may not reduce the exercise price of a stock option or extend the term of a stock option if such option is held by an Insider at the time of the proposed amendment;
- (l) the Board may, subject to the approval of any regulatory authority whose approval is required, amend, suspend or terminate the Stock Option Plan or any portion thereof; provided, however, that, except as otherwise provided in the Stock Option Plan, the Board may not, without limitation, amend the following provisions of the Stock Option Plan without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, approval of the shareholders of the Company:
- i. persons eligible to be granted or issued stock options;
 - ii. the maximum number of Common Shares that may be issuable under the Stock Option Plan;
 - iii. the limits on the number of stock options that may be granted or issued to any one person or any category of persons;
 - iv. the method for determining the exercise price of stock options;
 - v. the maximum term of a stock option;
 - vi. the expiry and termination provisions applicable to a stock option; and
 - vii. the addition of any net exercise provisions; and
- (m) notwithstanding (l) above, the Board may amend the terms of the Stock Option Plan to: (i) fix typographical errors; (ii) comply with the requirements of any applicable regulatory authority, or as a result in the changes in the policies of the Exchange relating to incentive stock options, or (iii) clarify existing provisions of the Stock Option Plan that do not have the effect of altering the scope, nature and intent of such provisions, without obtaining the approval of the Company's shareholders.

"Director", "Disinterested Shareholder Approval", "Employee", "Management Company Employee" "Consultant", "Insiders", "Investor Relations Activities", and "Market Price" have the same definition as in the policies of the Exchange.

The foregoing is qualified in its entirety by reference to the full text of the Stock Option Plan, a copy of which is attached hereto as Schedule "B".

In order to approve the Stock Option Plan for the ensuing year, the shareholders will be asked at the Meeting to approve an ordinary resolution as follows:

“RESOLVED that the Stock Option Plan of the Company, with terms substantially as described in the information circular of the Company dated October 28, 2022, be and is hereby ratified, confirmed and approved, and that the directors of the Company are hereby authorized to make any changes to the Stock Option Plan which may be required in order to obtain acceptance for filing by the TSX Venture Exchange.”

Other Matters

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the Proxy and VIF to vote the same in accordance with their best judgment of such matters.

STATEMENT OF EXECUTIVE COMPENSATION

During the fiscal year ended December 31, 2021, three individuals were “named executive officers” of the Company within the meaning of the definition set out in National Instrument Form 51-102F6V, “Statement of Executive Compensation – Venture Issuers” (“**Form 51-102F6V**”). As required by Form 51-102F6V, the following includes disclosure of the compensation paid or payable by the Company to:

- Simon Ridgway, its Chief Executive Officer (“**CEO**”),
- Bruce Smith, its President, and
- Kevin Bales, its Chief Financial Officer (“**CFO**”)

(hereinafter together referred to as “**NEOs**”), and to its directors.

Compensation Excluding Compensation Securities

The following summarizes compensation, excluding Compensation Securities (as defined below), paid or payable to NEOs and directors of the Company during the fiscal years ended December 31, 2021 and 2020:

COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Simon Ridgway Director & CEO	2021	42,000 ⁽¹⁾	Nil	Nil	Nil	Nil	42,000
	2020	40,250 ⁽¹⁾	Nil	Nil	Nil	Nil	40,250
Bruce Smith Director & President	2021	4,500 ⁽²⁾	Nil	Nil	Nil	Nil	4,500
	2020	2,000 ⁽²⁾	Nil	Nil	Nil	Nil	2,000
Kevin Bales CFO	2021	12,583 ⁽³⁾	Nil	Nil	Nil	Nil	12,583
	2020	7,516 ⁽³⁾	Nil	Nil	Nil	Nil	7,516
Timothy Beale Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
David Cass Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
William Katzin Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
James Sullivan ⁽⁴⁾ Former Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Paid or payable to Mill Street Services Ltd. (“**Mill Street**”) for the corporate development and financial advisory services of Simon Ridgway.
- (2) For geological consulting services provided to the Company.
- (3) Paid or payable to Gold Group Management Inc. (“**Gold Group**”) for the services of Kevin Bales as CFO of the Company.
- (4) James Sullivan was appointed as a director of the Company on April 30, 2021, and resigned as a director on October 27, 2022.

Compensation Securities

The Company did not grant or issue any stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units or restricted stock units (collectively “**Compensation Securities**”) to its NEOs and directors during the fiscal year ended December 31, 2021.

The Company’s NEOs and directors did not exercise any Compensation Securities during the fiscal year ended December 31, 2021.

Stock Option Plan and Other Incentive Plans

On October 12, 2022, the Board approved amendments to its Stock Option Plan, the material terms of which are described under “*Particulars of Matters to be Acted Upon – Stock Option Plan*” herein. All outstanding options granted by the Company will be governed by the terms and conditions of the Stock Option Plan.

Compensation Agreements or Arrangements

Pursuant to an agreement dated effective June 1, 2019, Mill Street is paid a monthly fee for the corporate development and financial advisory consulting services of Simon Ridgway. The agreement has no fixed expiry date and contains provisions regarding fees and expenses, and termination of services. The agreement may be terminated by the Company without cause

on 12 months' notice and by Mill Street on three months' notice. If, on December 31, 2021, the Company had terminated the agreement without cause, \$10,500 would have been payable to Mill Street. Mill Street is controlled by Simon Ridgway, the CEO of the Company.

Pursuant to an agreement dated July 1, 2012, as amended June 1, 2019, Gold Group is reimbursed by the Company on a monthly basis for certain shared costs and other business-related expenses paid by Gold Group on behalf of the Company, including the services of the Company's CFO. The agreement may be terminated by the Company without cause on 12 months' notice and by Gold Group on three months' notice. Gold Group is controlled by Simon Ridgway.

Oversight and Description of Director and NEO Compensation

The Company does not have a formal compensation program. The Board relies on the experience of its members as officers or directors of other junior exploration companies to ensure that total compensation paid to the Company's NEOs and directors is fair and reasonable. The Board meets periodically to discuss and determine such compensation, without reference to formal objectives, criteria or analysis.

The general philosophy of the Company's compensation strategy is to: (a) encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interest of shareholders; (c) provide a compensation package that is commensurate with other mineral exploration companies in order to attract and retain highly qualified executives and directors; and (d) ensure that total compensation paid takes into account the Company's overall financial position.

Compensation to the Company's NEOs is comprised solely of cash salaries and/or incentive stock options. The compensation to the Company's NEOs for the fiscal year ended December 31, 2021 consisted solely of cash salaries. The Company may in the future grant incentive stock options to its NEOs and directors.

In establishing levels of cash compensation and the granting of stock options, the executive's performance, level of expertise, and responsibilities are considered. Stock options are generally granted at the time of the executive's hiring or appointment and periodically thereafter. Previous grants of options are taken into account by the Board when it considers the granting of new stock options.

Incentive stock options are granted pursuant to the Option Plan which is designed to encourage share ownership on the part of the Company's management, directors, employees, and consultants. The Board believes that the Option Plan aligns the interests of the Company's personnel with shareholders by linking compensation to the longer term performance of the Company's shares. The granting of incentive stock options is an important component of executive compensation as it allows the Company to reward each executive officer's efforts to increase shareholder value without requiring the use of the Company's cash reserves.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the stock option plan which was previously approved by the shareholders on December 8, 2021. The Company established a stock option plan to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Company's stock option plan provides that the number of common shares of the Company issuable under the plan, together with any other previously established or proposed share compensation arrangements of the Company, may not exceed 10% of the total number of issued and outstanding common shares. The material terms of the Stock Option Plan are set out above under the heading "*Particulars of Matters to be Acted Upon – Stock Option Plan*".

The following table sets out information regarding compensation plans under which equity securities of the Company are authorized for issuance, as at December 31, 2021:

EQUITY COMPENSATION PLAN			
Plan Category	(a) No. of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) No. of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding Securities Reflected in column (a))
Equity Compensation Plan Approved by Shareholders	576,000	\$0.26	2,912,130
Equity Compensation Plans Not Approved by Shareholders	N/A	N/A	N/A
Total:	576,000	N/A	2,912,130

AUDIT COMMITTEE

Pursuant to the provisions of National Instrument 52-110, *Audit Committees* (“**NI 52-110**”), the Company’s Audit Committee has adopted a written charter (the “**Charter**”) that sets out its mandate and responsibilities. The Charter is attached hereto as Schedule “A”. As the Company is a “venture issuer” (as defined in NI 52-110), it is relying on the exemption provided to it in Section 6.1 of NI 52-110 with respect to audit committee reporting obligations.

The Audit Committee is presently comprised of William Katzin, Timothy Beale and David Cass, all of whom are “independent” and “financially literate” within the meanings given to those terms in NI 52-110. The education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member is as follows:

Audit Committee Member

Education and Experience

William Katzin

Mr. Katzin is a graduate of the University of Cape Town, South Africa with a Bachelor of Commerce and Law degree. He is a member of Chartered Professional Accountants of British Columbia. He has been a partner in private practice with a Vancouver firm of Chartered Accountants since 1986 and has experience working with resource and exploration companies. He is an audit committee member of one other publicly-traded resource company.

Timothy Beale

Mr. Beale holds a Bachelor’s degree in Geology from the University of London and a Master’s degree in Mineral Exploration from the Royal School of Mines in London. He has over 35 years of experience managing exploration and development programs for major and junior mining corporations. Mr. Beale is joint owner and a director of a private consulting company, and is Vice-President of Exploration of one other publicly-traded resource company.

David Cass

Mr. Cass holds a Master’s of Science degree in Mineral Exploration and Mining Geology and is a geologist with over 25 years’ international experience in mineral exploration and mining for precious and base metals, with most of this experience focused in Latin America. Mr. Cass is a practicing member (P.Geo.) of the Engineers and Geoscientists of British Columbia and Fellow of the Society of Economic Geologists. He is the Vice President of Exploration for Bluestone Resources Inc. and is a director and audit committee member of one other publicly-traded resource company.

During the Company’s most recently completed fiscal year, the Company’s auditors performed certain non-audit services. All fees charged by the Company’s auditors during the last two fiscal years are as follows:

	2021	2020
Audit Fees	\$16,000	\$15,000
Audit-Related Fees	Nil	Nil
Tax Fees	\$ 3,000	\$ 3,000
All Other Fees	Nil	Nil
	\$19,000	\$18,000

Notes:

“Audit Fees” are the aggregate fees billed for the audit of the Company’s consolidated annual financial statements, and review of transactions completed by the Company.

“Audit-Related Fees” are fees charged for assurance and related services 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”.

“Tax Fees” are fees for tax return preparation.

“All Other Fees” are amounts not included in the above categories.

CORPORATE GOVERNANCE

The Board is of the view that the Company’s corporate governance practices are appropriate and effective for the Company, given its relatively small size and limited operations. The Company’s method of corporate governance allows for the Company to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden.

In accordance with National Instrument 58-101, *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Instrument Form 58-101F2, *Corporate Governance Disclosure (Venture Issuers)*, the Company discloses its corporate governance practices as follows:

Board of Directors

The Board considers William Katzin, Timothy Beale and David Cass to be “independent” according to the definition set out in NI 58-101. Simon Ridgway and Bruce Smith are not independent as they are executive officers of the Company.

The independent Directors believe that their majority on the Board, their knowledge of the Company’s business, and their independence are sufficient to facilitate the functioning of the Board independently of management. The independent Directors have the discretion to meet in private in the absence of the other Directors whenever they believe it is appropriate to do so.

Directorships

The directors of the Company are directors of one or more other reporting issuers, as follows:

Director	Other Issuers
Simon Ridgway	Radius Gold Inc. Volcanic Gold Mines Inc.
Bruce Smith	Radius Gold Inc.
William Katzin	Radius Gold Inc.
David Cass	Latin Metals Inc. Resouro Gold Inc.
Timothy Beale	N/A

Orientation and Continuing Education

Management will ensure that a new appointee to the Board is aware of his or her duties and responsibilities of a director of the Company. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director, as well as the continuing education needs of all Board members.

Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance objectives and goals. In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including 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 executive officer has a material interest.

Nomination of Directors

Given the Company's current stage of development and size of the Board, the Board is presently of the view that it functions effectively as a committee of the whole with respect to the nomination of directors. The entire Board will assess potential nominees and take responsibility for selecting new directors. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the CEO of the Company.

Other Board Committees

The only Board committee of the Company is the Audit Committee.

Assessments

The Company has not determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. The contributions of an individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Information Circular, no insider, proposed nominee for election as a director, or any associate or affiliate of the foregoing, had any material interest, direct or indirect, in any transaction or proposed transaction since January 1, 2021 which has materially affected or would materially affect the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is available for viewing at www.sedar.com. Financial information is provided in the Company's financial statements and accompanying management's discussion and analysis for the fiscal year ended December 31, 2021. Copies of financial statements and accompanying MD&A may be obtained by contacting the Company, attention Corporate Secretary, at 200 Burrard Street, Suite 650, Vancouver, BC V6C 3L6 (Tel: 604-801-5432; Fax: 604-662-8829).

BY ORDER OF THE BOARD

Simon Ridgway,
Chief Executive Officer

RACKLA METALS INC.
(the "Company")

AUDIT COMMITTEE CHARTER

General

The primary function of the Audit Committee is to assist the Board of Directors of the Company (the "Board") in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls and management information systems established by management and the Company's external audit process and monitoring compliance with the Company's legal and regulatory requirements with respect to its financial statements.

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to maintain an open communication between the Company's external auditors and the Board.

The responsibilities of a member of the Audit Committee are in addition to such member's duties as a member of the Board.

The Audit Committee does not plan or perform audits or warrant the accuracy or completeness of the Company's financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibility of management and the external auditors.

Effective Date

This Charter was implemented by the Board on November 23, 2011 and amended November 10, 2014.

Composition of Audit Committee

The Committee membership shall satisfy the laws and policies governing the Company and the independence, financial literacy and experience requirements under securities law, stock exchange and any other regulatory requirements as are applicable to the Company.

Relationship with External Auditors

The external auditor is required to report directly to the Audit Committee. Opportunities shall be afforded periodically to the external auditor and to members of senior management to meet separately with the Audit Committee.

Responsibilities

1. The Audit Committee shall be responsible for making the following recommendations to the Board:
 - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the external auditor.
2. The Audit Committee shall be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:
 - (a) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;

- (b) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (c) reviewing audited annual financial statements, in conjunction with the report of the external auditor;
 - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management; and
 - (e) reviewing the evaluation of internal controls by the external auditor, together with management's response.
3. The Audit Committee shall review interim unaudited financial statements before release to the public.
 4. The Audit Committee shall review all public disclosures of audited or unaudited financial information before release, including any prospectus, annual report, annual information form, and management's discussion and analysis.
 5. The Audit Committee shall review the appointments of the chief financial officer and any other key financial executives involved in the financial reporting process, as applicable.
 6. Except as exempted by securities regulatory policies, the Audit Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the external auditor.
 7. The Audit Committee shall ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and shall periodically assess the adequacy of those procedures.
 8. The Audit Committee shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
 9. The Audit Committee shall periodically review and approve the Company's hiring policies, if any, regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
 10. Meetings of the Audit Committee shall be scheduled to take place at regular intervals and, in any event, at least once per year.

Authority

The Audit Committee shall have the authority to:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) to set and pay the compensation for any advisors employed by the Audit Committee; and
- (c) to communicate directly with the external auditors.

RACKLA METALS INC.

INCENTIVE STOCK OPTION PLAN
Amended and Restated Effective October 12, 2022

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ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **"Affiliate"** has the meaning ascribed thereto by the Exchange;
- (b) **"Board"** means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than 3 Directors of the Corporation duly appointed to administer this Plan;
- (c) **"Common Shares"** means the common shares of the Corporation;
- (d) **"Consultant"** means an individual who:
 - (i) provides ongoing consulting, technical, management or other services to the Corporation or an Affiliate, other than services provided in relation to a distribution, under a written contract with the Corporation or the Affiliate,
 - (ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate,
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate, and
 - (iv) has a relationship with the Corporation or an Affiliate that enables the Consultant to be knowledgeable about the business and affairs of the Corporation or the Affiliate,and includes a company of which a Consultant is an employee or shareholder and a partnership of which a Consultant is an employee or partner;
- (e) **"Corporation"** means Rackla Metals Inc. and its successor entities;
- (f) **"Director"** means a director of the Corporation or of an Affiliate;
- (g) **"Disinterested Shareholder Approval"** has the meaning ascribed thereto by the Exchange in "Policy 4.4 – *Security Based Compensation*" of the Exchange's Corporate Finance Manual;
- (h) **"Eligible Person"** means a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and includes an issuer all the voting securities of which are owned by Eligible Persons;
- (i) **"Employee"** means an individual who:
 - (i) is considered an employee of the Corporation or an Affiliate under the *Income Tax Act*, i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,
 - (ii) works full-time for the Corporation or an Affiliate providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source, or
 - (iii) works for the Corporation or an Affiliate on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work

as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source;

- (j) **"Exchange"** means the TSX Venture Exchange and any successor entity;
- (k) **"Exchange Hold Period"** means a four-month resale restriction imposed by the Exchange which, for greater certainty, as of the date hereof has the meaning assigned by Policy 1.1. of the policies of the Exchange;
- (l) **"Expiry Date"** means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
- (m) **"Insider"** has the meaning ascribed thereto by the Exchange;
- (n) **"Investor Relations Activities"** has the meaning ascribed thereto by the Exchange;
- (o) **"Management Company Employee"** means an individual who is employed by a person providing management services to the Corporation or an Affiliate which are required for the ongoing successful operation of the business enterprise of the Corporation or the Affiliate, but excluding a person providing Investor Relations Activities;
- (p) **"Officer"** means an officer of the Corporation or of an Affiliate, and includes a Management Company Employee;
- (q) **"Option"** means an option to purchase Common Shares pursuant to this Plan;
- (r) **"Other Share Compensation Arrangement"** means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise;
- (s) **"Participant"** means an Eligible Person who has been granted an Option;
- (t) **"Plan"** means this Incentive Stock Option Plan.

1.2 Interpretation

References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

ARTICLE 2 ESTABLISHMENT OF PLAN

2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation and its Affiliates;
- (b) encouraging Eligible Persons to remain with the Corporation or its Affiliates; and
- (c) attracting new Directors, Officers, Employees and Consultants.

2.2 Shares Reserved

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. For greater certainty, if an Option is exercised, surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the approval of any relevant regulatory authority or the Exchange, if required, appropriate substitution and/or adjustment in:
- (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
 - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
 - (iii) the vesting of any Options (subject to the approval of the Exchange if such vesting is mandatory under the policies of the Exchange), including the accelerated vesting thereof on conditions the Board deems advisable,
- and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable. For clarity, any adjustment, other than in connection with a share consolidation or share split, to Options granted or issued under this Plan, will be subject to the prior acceptance of the Exchange.
- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

2.3 Non-Exclusivity

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

2.4 Effective Date

This Plan shall be subject to the approval of any regulatory authorities whose approval is required. Any Options outstanding prior to the date of this Plan shall be subject to this Plan, and any Options granted after the date of this Plan but prior to such regulatory approvals being given may not be exercised unless and until such approvals are given.

ARTICLE 3
ADMINISTRATION OF PLAN

3.1 Administration

- (a) This Plan shall be administered by the Board. Subject to the provisions of this Plan, the Board shall have the authority:
 - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited;
 - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants and all other persons.

3.2 Amendment, Suspension and Termination

The Board may, subject to the approval of any regulatory authority whose approval is required, amend, suspend or terminate this Plan or any portion thereof; provided, however, that, except as otherwise provided in this Plan, the Board may not, without limitation, amend the following provisions of this Plan without obtaining, within twelve (12) months either before or after the Board's adoption of a resolution authorizing such action, approval by the affirmative votes of the holders of a majority of the voting securities of the Corporation present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable corporate laws, or by the written consent of the holders of a majority of the securities of the Corporation entitled to vote:

- (a) persons eligible to be granted or issued Options under the Plan;
- (b) the maximum number of Common Shares that may be issuable under the Plan;
- (c) the limits under the Plan on the number of Options that may be granted or issued to any one person or any category of persons;
- (d) the method for determining the exercise price of Options;
- (e) the maximum term of an Option;
- (f) the expiry and termination provisions applicable to an Option; and
- (g) the addition of any net exercise provision;

provided, the Board may amend the terms of the Plan (i) to fix typographical errors; (ii) to comply with the requirements of any applicable regulatory authority, or as a result in the changes in the policies of the Exchange relating to incentive stock options or (iii) to clarify existing provisions of the Plan that do not have the effect of altering the scope, nature and intent of such provisions, without obtaining the approval of the Corporation's shareholders. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant.

If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

3.3 Compliance with Legislation

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) If required by the Exchange, in addition to any resale restrictions under applicable securities laws, all Options and any Common Shares issued on the exercise of Options will be subject to the Exchange Hold Period and shall be legended with the four-month Exchange Hold Period commencing on the date the Options are granted.
- (d) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading (including, but not limited to, the Exchange Hold Period, if applicable), and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

ARTICLE 4 OPTION GRANTS

4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. The Corporation and the Participant are responsible for ensuring and confirming that the Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions.

4.2 Option Agreement

Every Option shall be evidenced by an option agreement executed by the Participant and any director or officer of the Corporation other than the Participant. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

4.3 Limitation on Grants and Exercises

- (a) **To any one person.** The number of Common Shares reserved for issuance to any one person in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the grant, unless the Corporation has obtained Disinterested Shareholder Approval to exceed such limit.
- (b) **To Consultants.** The number of Common Shares reserved for issuance to any one Consultant in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (c) **To persons conducting Investor Relations Activities.** The aggregate number of Common Shares reserved for issuance to all Participants conducting Investor Relations Activities in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (d) **To Insiders.** Unless the Corporation has received Disinterested Shareholder Approval to do so:
 - (i) the aggregate number of Common Shares reserved for issuance to Insiders under this Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at any point in time;
 - (ii) the aggregate number of Common Shares reserved for issuance to Insiders in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares as at the time of the grant.
- (e) **Exercises.** Unless the Corporation has received Disinterested Shareholder Approval to do so, the number of Common Shares issued to any person within a 12 month period pursuant to the exercise of Options granted under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the exercise.

ARTICLE 5 OPTION TERMS

5.1 Exercise Price

- (a) The exercise price per Common Share for an Option shall not be less than the "Market Price", as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required or permitted by the Exchange.
- (b) If Options are granted within ninety days of a distribution by the Corporation by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection (a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. Such ninety day period shall begin:
 - (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; and
 - (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

5.2 Expiry Date

Every Option shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

5.3 Vesting

- (a) Subject to the subsection (b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.
- (b) Options granted to Participants performing Investor Relations Activities shall vest as prescribed by the Exchange's policies from time to time and such vesting restrictions may not be amended without the prior written consent of the Exchange.

5.4 Non-Assignability

Options may not be assigned or transferred (whether absolutely or way of mortgage, pledge or other charge) by a Participant other than by will or other testamentary instrument or the laws of succession and may be exercised by the Participant or his/her legal representative only.

5.5 Effect of Termination

Subject to subsection 5.3(b) above whereby prior Exchange approval is required for amendments to the vesting restrictions attached to options held by Participants performing Investor Relations Activities, the following provisions shall apply upon termination of a Participant:

- (a) Definitions. For the purposes of this Section 5.5, the following capitalized terms shall be attributed the following meanings:
 - (i) **"Beneficiary"** means, subject to applicable law, an individual who has been designated by a Participant, in such form and manner as the Board may determine, to receive benefits payable under the Plan upon the death of the Participant, or, where no such designation is validly in effect at the time of death, or where the designated individual does not survive the Participant, the Participant's legal representative;
 - (ii) **"Cause"** in respect of a Participant means:
 - A. the Participant committing theft, embezzlement, fraud, obtaining funds or property under false pretences or similar acts of gross misconduct with respect to the property of the Corporation or its employees or the Corporation's customers or suppliers;
 - B. the Participant entering into a guilty plea or being convicted of any crime involving fraud, misrepresentation, breach of trust or indictable offence; or
 - C. any other act that would constitute just cause according to applicable law;

except that if, at the time of such Participant's Termination Date, the Participant is party to an employment, severance, retention or similar contract or agreement with the Corporation or a subsidiary of the Corporation that contains a definition of the term "cause" or a similar term, the term "cause" shall have the meaning, if any, assigned thereto (or to such similar term) in such contract or agreement;
 - (iii) **"Change of Control"** means the occurrence of any of the following events:
 - A. the direct or indirect acquisition or conversion of more than 50% of the issued and outstanding shares of the Corporation by a person or group of persons acting in concert, other than through an employee share purchase plan or employee share ownership plan and other than by persons who are or who are controlled by, the existing shareholders of the Corporation;

- B. a change in the composition of the Board which results in the majority of the directors of the Corporation not being individuals nominated by the Corporation's then incumbent directors, or
- C. a merger or amalgamation of the voting shares of the Corporation where the voting shares of the resulting merged or amalgamated company are owned or controlled by shareholders of whom more than 50% are not the same as the shareholders of the Corporation immediately prior to the merger.

Notwithstanding the foregoing, if, at the time of a Change of Control, the Participant is party to an employment, severance, retention or similar contract or agreement with the Corporation or a subsidiary of the Corporation that contains a definition of the term "Change of Control" or a similar term, the term "Change of Control" shall have the meaning, if any, assigned thereto (or to such similar term) in such contract or agreement;

- (iv) **"Disability"** means the Participant's physical or mental incapacity that prevents such Participant from substantially fulfilling his or her duties and responsibilities on behalf of the Corporation or, if applicable, a subsidiary of the Corporation, and in respect of which the Participant commences receiving, or is eligible to receive, disability benefits under the Corporation's or subsidiary's short-term or long-term disability plan; except that if, at any relevant time, the Participant is party to an employment, severance, retention or similar contract or agreement with the Corporation or subsidiary that contains a definition of the term "disability" or a similar term, the term "disability" shall have the meaning, if any, assigned thereto (or to such similar term) in such contract or agreement.
- (v) **"Good Reason"** means one or more of the following changes in the circumstances of the Participant's employment without the Participant's express written consent:
 - A. a reduction or diminution in the level of authority, responsibility, title or reporting relationship of the Participant;
 - B. a reduction in the Participant's base salary or percentage of target annual bonus; or
 - C. a requirement by the Board that the Participant's position and office be based and located in another geographic location.
- (vi) **"Retirement"** means the Participant's retirement from the Corporation or a subsidiary, as applicable, following a period of service of at least two years, provided that such retirement is accepted by the Corporation or subsidiary pursuant to a letter from the Corporation or subsidiary granting the Participant retirement status and confirming the Participant's date of retirement.
- (vii) **"Termination Date"** means, in respect of a Participant, the date that the Participant ceases to be actively employed by, or to provide service to, the Corporation or one of its subsidiaries for any reason which, for purposes of the Plan, specifically does not mean the date on which any statutory or common law severance period or any period of reasonable notice that the Corporation or subsidiary may be required at applicable law to provide to the Participant, would expire. The Board will have sole discretion to determine whether a Participant has ceased active employment or service, and the effective date of such cessation. A Participant will not be deemed to have ceased to be an employee of the Corporation or its subsidiary in the case of:
 - A. a transfer of his or her employment between the Corporation and a subsidiary or a transfer of employment between subsidiaries, as applicable;
 - B. sick leave; or

- C. any other leave of absence approved by the Corporation or a subsidiary, as applicable, in respect of which the Participant is guaranteed reemployment by contract or statute upon expiration of such leave, except that in the event active employment is not renewed at the end of the leave of absence, the employment relationship shall be deemed to have ceased at the end of the approved leave of absence.
- (b) Termination due to Voluntary Resignation. Unless otherwise determined by the Board in its sole discretion, if a Participant's employment or service is terminated due to the voluntary resignation of the Participant, then all options granted to the Participant which have not vested on or before the Termination Date shall be forfeited and cancelled effective as of the Termination Date and the Participant shall have no entitlement to receive Optioned Shares in respect of such forfeited options. Any vested options held by the Participant as of his or her Termination Date will remain exercisable and the Participant shall be entitled to exercise such vested options for a period of ninety (90) days (or until the original expiry date of the options, if earlier) from his or her Termination Date.
- (c) Termination by the Corporation Without Cause, by the Participant for Good Reason, or Due to Disability, Death or Retirement.
- (i) Unless otherwise determined by the Board in its sole discretion, if a Participant's employment or service is terminated by the Corporation without Cause, by the Participant for Good Reason, or due to Disability, Death or Retirement, then a portion of the unvested options held by the Participant shall immediately vest. The number of unvested options held by the Participant that shall vest pursuant to this subsection (c)(i) shall be calculated by multiplying the number of unvested options held by the Participant by a fraction, the numerator of which equals the number of days the Participant was actively employed by, or providing service to, the Corporation or one of its subsidiaries between the grant date of such options and his or her Termination Date, and the denominator of which equals the total number of days between the grant date of such options and their original vesting date. The Participant shall be entitled to exercise the options held by the Participant that vest pursuant to this subsection (c)(i) for a period of ninety (90) days (or until the original expiry date of the options, if earlier) from his or her Termination Date. All unvested options held by a Participant that do not vest pursuant to this subsection (c)(i) shall be forfeited and cancelled as of the Participant's Termination Date and the Participant shall have no entitlement in connection with such options.
- (ii) Any vested options held by the Participant as of his or her Termination Date (which for greater certainty does not include any options that become vested options pursuant to subsection 5.5(c)(i) above) will remain exercisable in accordance with the terms of this subsection (c)(ii) and the Participant shall be entitled to exercise such vested options for a period of ninety (90) days (or until the original expiry date of the options, if earlier) from his or her Termination Date.
- (d) Termination With Cause. Unless otherwise determined by the Board in its sole discretion, in the event that a Participant's employment or service is terminated for Cause, the Participant's options, whether vested or unvested, shall be forfeited and cancelled as of the Termination Date and the Participant shall have no entitlement to exercise such forfeited options, or entitlement to receive any other amount in respect of such forfeited options, by way of damages, payment in lieu or otherwise.
- (e) Termination by the Corporation, or by the Participant for Good Reason, Subsequent to a Change of Control. Unless otherwise determined by the Board in its sole discretion, if a Participant's employment or service is terminated by the Corporation within 12 months after a Change of Control occurs, or the Participant terminates his or her employment or service with the Company for Good Reason within 12 months after a Change of Control occurs, then all outstanding options which have not vested shall immediately vest and

and the Participant shall be entitled to exercise such vested options for a period of ninety (90) days (or until the original expiry date of the options, if earlier) from his or her Termination Date.

(f) Termination due to Death.

(i) Unless otherwise determined by the Board in its sole discretion, in the event that a Participant's employment or service is terminated due to the death of the Participant, then a portion of the unvested options held by the Participant shall immediately vest. The number of unvested options held by the Participant that shall vest pursuant to this subsection (f)(i) shall be calculated by multiplying the number of unvested options held by the Participant by a fraction, the numerator of which equals the number of days the Participant was actively employed by the Corporation or one of its subsidiaries between the grant date of such options and his or her date of death, and the denominator of which equals the total number of days between the grant date of such options and their original vesting date. The Participant's Beneficiary shall be entitled to exercise the options held by the Participant that vest pursuant to this subsection (f)(i) for a period of one year (or until the original expiry date of the options, if earlier) from the Participant's date of death. All unvested options held by a Participant that do not vest pursuant to this subsection (f)(i) shall be forfeited and cancelled as of the Participant's date of death and the Participant shall have no entitlement in connection with such options.

(ii) Any vested options held by the Participant as of his or her date of death (which for greater certainty does not include any options that become vested options pursuant to subsection 5.5(f)(i) above) will remain exercisable in accordance with the terms of this subsection (f)(ii) and the Participant's Beneficiary shall be entitled to exercise such vested options for a period of one year (or until the original expiry date of the options, if earlier) from the Participant's date of death.

(g) Termination due to Death on the Job. Notwithstanding subsection 5.5(f) above, unless otherwise determined by the Board in its sole discretion, if a Participant's employment or service is terminated due to the death of the Participant which occurred while the Participant was performing his or her regular duties on behalf of the Corporation, then all outstanding options which have not vested shall immediately vest and become fully vested options.

ARTICLE 6 EXERCISE PROCEDURE

6.1 Exercise Procedure

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant or his/her legal representative only upon his/her delivery to the Corporation at its registered office of:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) a certified cheque or bank draft made payable to the Corporation, or electronic transfer of readily available funds, for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised; and
- (c) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and thereafter the Corporation shall promptly cause certificates for such Common Shares to be issued and delivered to the Participant or his/her legal representative.

6.2 Withholding

The Corporation may withhold from any amount payable to an optionee, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Corporation to comply with the applicable requirements of any federal, provincial, local, or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options ("**Withholding Obligations**"). The Corporation may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Corporation may determine in its discretion, by (a) requiring an optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such Withholding Obligations including, without limitation, requiring the optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such Withholding Obligations or (b) selling on the optionee's behalf, or requiring the optionee to sell, any Common Shares acquired by the optionee under the Plan, or retaining any amount which would otherwise be payable to the optionee in connection with any such sale.

ARTICLE 7 AMENDMENT OF OPTIONS

7.1 Consent to Amend

The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option, or the extension of the term of an Option, if the Participant is an Insider at the time of the proposed amendment.

7.2 Amendment Subject to Approval

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

ARTICLE 8 MISCELLANEOUS

8.1 No Rights as Shareholder

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

8.2 No Right to Employment

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

8.3 Governing Law

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.