

**NOTICE OF MEETING  
AND  
INFORMATION CIRCULAR  
for the 2020 Annual General Meeting of the  
Shareholders of  
ECLIPSE GOLD MINING CORPORATION**

**Dated as of September 8, 2020**

**ECLIPSE GOLD MINING CORPORATION**  
**1400-400 Burrard Street**  
**Vancouver, BC V6C 3A6**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the "**Meeting**") of the shareholders of ECLIPSE GOLD MINING CORPORATION (the "**Company**") will be held via teleconference, on **Thursday, October 15, 2020 at 11:00 a.m.** (Pacific Time). Shareholders will be able to access the meeting by teleconference using the details below.

At the Meeting, the shareholders will receive the audited financial statements of the Company for the fiscal year ended October 31 2019, together with the auditors' report thereon, and consider resolutions to:

1. fix the number of directors at six (6) for the ensuing year;
2. elect directors for the ensuing year as described in the Information Circular accompanying this Notice;
3. appoint Davidson & Company, LLP as the Company's auditors for the ensuing fiscal year at a remuneration to be fixed by the directors;
4. transact such further or other business as may properly come before the Meeting and any adjournments thereof.

All shareholders are entitled to attend, participate and vote at the Meeting, which will be held via teleconference by calling the number below and instructions will be provided as to how Shareholders entitled to vote at the Meeting may participate and vote at the Meeting, or by voting in advance by proxy. The Board of Directors (the "**Board**") requests that, as the Meeting will be held via teleconference and will not be conducted in person, that shareholders read, date and sign the accompanying proxy and deliver to Computershare Investor Services Inc. ("**Computershare**"), Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 , by **11:00 a.m.** (Vancouver, British Columbia time) on **October 13, 2020** (or before 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment of the Meeting at which the proxy is to be used). Only shareholders of record at the close of business on September 8, 2020 will be entitled to vote at the Meeting.

Teleconference Details:

**Participant / Guest (Toll-Free):** 877-407-2991 INCOMM EVENT 14

**Participant / Guest (Toll):** 201-389-0925 INCOMM EVENT 14

Callers are recommended to dial in 5 to 10 minutes prior to the schedule start time of the Meeting.

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

DATED at Vancouver, British Columbia, this 8<sup>th</sup> day of September, 2020.

**BY ORDER OF THE BOARD**

*"Michael G. Allen"*

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Michael G. Allen  
Chief Executive Officer and Director

# ECLIPSE GOLD MINING CORPORATION

1400-400 Burrard Street  
Vancouver, BC V6C 3A6

## INFORMATION CIRCULAR

(As at September 8, 2020, unless otherwise indicated)

ECLIPSE GOLD MINING CORPORATION (the "**Company**") is providing this Information Circular (the "**Information Circular**") and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "**Meeting**") of the shareholders of the Company (the "**Shareholders**") to be held via teleconference at **11:00 a.m.** (Pacific Time) on **Thursday, October 15, 2020** and any adjournments thereof. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

All dollar amounts referenced herein are expressed in Canadian Dollars unless otherwise stated.

### APPOINTMENT OF PROXYHOLDER

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

**A Shareholder has the right to appoint a person other than a Management Proxyholder, to represent the Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Shareholder.**

### VOTING BY PROXY

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

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

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

### COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc. of 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## NON-REGISTERED HOLDERS

**Only registered Shareholders or persons they appoint as their proxies are permitted to vote at the Meeting.** Registered Shareholders are holders of the Company whose names appear on the Share register of the Company and are not held in the name of a brokerage firm, bank or trust company through which they purchased Shares. Whether or not you are able to attend the Meeting, Shareholders are requested to vote their proxy in accordance with the instructions on the proxy. Most Shareholders are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the Shares they own are not registered in their names but instead registered in the name of a nominee (a "**Nominee**") such as a brokerage firm through which they purchased the Shares. The Company's Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of their Shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or The Depository Trust & Clearing Corporation) of which the Intermediary is a participant.

There are two kinds of beneficial owners: those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object (called "**NOBOs**" for Non-Objecting Beneficial Owners).

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") of the Canadian Securities Administrators, the Company has elected to send the Meeting materials directly to NOBOs. If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting Materials unless their Nominee assumes the costs of delivery.

## NOTICE-AND-ACCESS

The Company is not sending the Meeting materials to Shareholders using "notice-and-access", as defined under NI 54-101.

## REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a Shareholder, his or her attorney authorized in writing or, if the Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue unlimited Shares without par value, of which 57,594,858 Shares are issued and outstanding as at the record date of September 8, 2020 (the "**Record Date**"). The Company has only one class of shares issued and outstanding. Persons who are registered Shareholders at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Share held.

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

### ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Company at six (6).

The Company has an Audit Committee and a Compensation Committee. Members of these committees are set out below.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal occupation during the past five years</i>	<i>Served as director of the Company since</i>	<i>Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present<sup>(1)</sup></i>
<b>Michael G. Allen</b> British Columbia, Canada <i>Chief Executive Officer and Director</i>	President and CEO of the Company; President and CEO of Northern Empire Resources Corp. between June 2016 and October 2018. Professional Geologist	May 3, 2019	2,788,600
<b>Marcel de Groot<sup>(2)(3)</sup></b> British Columbia, Canada <i>Chairman and Director</i>	Founding partner and President of Pathway Capital Ltd., a Vancouver based private venture capital company, since 2004. Currently a director of Magnitude Mining Ltd., Galiano Gold Inc. and Drummond Ventures Corp.	August 12, 2019	1,244,375
<b>Hayley De Witt<sup>(3)</sup></b> London, United Kingdom <i>Director</i>	Founder of Pathway Ventures UK, a metals and mining focused venture capital firm and consultancy. Currently a director of Sun Peak Metals Corp. since August 2020.  Holds a Professional Science Masters in Economic Geology (University of Arizona), as well as the Investment Management Certificate (CFA Society of the UK)	August 12, 2019	667,000
<b>Douglas J. Hurst<sup>(3)</sup></b> British Columbia, Canada <i>Director</i>	V.P. Corporate Development of Newmarket Gold Inc. from 2013 to 2016; Director of Greatbanks Resources Limited from 2003 to 2017 and Chairman of Northern Empire Resources Corporation from 2015 to 2018. Currently a director of Newcore Gold Ltd. and Calibre Mining Corp.	August 12, 2019	2,595,000

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal occupation during the past five years</i>	<i>Served as director of the Company since</i>	<i>Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present<sup>(1)</sup></i>
<b>Darryl S. Cardey</b> <sup>(2)</sup> British Columbia, Canada <i>Director</i>	President of Cardey Management Corp., a private venture capital company, since October, 2000. A Director and principal of CDM Capital Partners Inc., a private venture capital company, since April, 2011.	August 12, 2019	950,000
<b>Jeffrey Sundar</b> <sup>(2)</sup> British Columbia, Canada <i>Director</i>	Executive Director of Genesis Metals Corp. since December 2020 and served as President and CEO since April 2010.	August 12, 2019	965,000

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.  
(2) A member of the audit committee.  
(3) A member of the compensation committee.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

### **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS**

Except as set out below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("**CEO**") or chief financial officer ("**CFO**") of any company (including the Company) that:
- (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

- (d) has been subject to 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
- (e) has been subject to any 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.

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the financial year ended October 31, 2019, the Company had two Named Executive Officers (“NEOs”) being Michael G. Allen, Chief Executive Officer (“CEO”) and Victoria McMillan, Chief Financial Officer (“CFO”).

"Named Executive Officer" (or "NEO") means each of the following individuals:

- (a) the CEO;
- (b) the CFO;
- (c) the most highly compensated executive officer of the Company, including any of its subsidiaries, or the most highly compensated individual acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Compensation Discussion and Analysis**

The Company’s executive compensation is intended to be consistent with the Company’s business plans, strategies and goals, including the preservation of working capital. The Company’s executive compensation program is intended to provide appropriate compensation that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company’s compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results.

The Company’s Board of Directors (the “**Board**”) has appointed a Compensation Committee to determine the compensation of the Company’s directors and NEOs. The Compensation Committee intends for executive compensation to be consistent with the Company’s business plans, strategies and goals, including the preservation of working capital as the Company seeks to devote funds to the exploration of the Hercules Project. Executive compensation is intended to provide appropriate compensation that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company’s compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results.

The Company’s NEOs and directors are not permitted 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 NEO or director.

A Stock Option Plan and a Restricted Share Plan was approved by the Board effective as of October 29, 2019 and further amended on February 5, 2020 (the “**Stock Option Plan**” and the “**Restricted Share Plan**”). The Stock Option Plan and the Restricted Share Plan have not yet been approved by the shareholders of the Company. As a "rolling" stock option plan, the Stock Option Plan must be approved and ratified by the shareholders of the Company on an annual basis beginning in 2021.

The principal purpose of the Stock Option Plan and the Restricted Share Plan is to advance the interests of the Company by encouraging the directors, employees and consultants of the Company and of its subsidiaries or affiliates, if any, by providing them with the opportunity to be issued with and acquire Shares of the Company, thereby increasing their proprietary interest in the Company, and encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

The Stock Option Plan and Restricted Share Plan together provide that the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time.

The Stock Option Plan and Restricted Share Plan are administered by the Board, which has full and final authority with respect to the granting of all options and restricted shares thereunder.

The number of Shares which may be issuable under the Stock Option Plan and the Restricted Share Plan and all of the Company’s other previously established or proposed share compensation arrangements (a) shall not exceed 10% of the total number of the issued and outstanding Shares on a non-diluted basis on the date of grant; and (c) within a one-year period (i) to any one person, shall be no more than 5% of the total number of issued and outstanding Shares on a non-diluted basis on the date of grant, provided that, of such 5%, not more than 1% may be comprised of restricted shares issuable under the Restricted Share Plan, (ii) if more than one grant of restricted shares under the Restricted Share Plan is made to a participant within such 12-month period, the maximum number of Shares issuable under the Restricted Share plan to such participant shall not exceed 2% of the total number of issued and outstanding Shares on a non-diluted basis (iii) to any one consultant shall be no more than 2% of the total number of issued and outstanding Shares on a non-diluted basis on the date of grant; (iv) to insiders as a group, shall be no more than 10% of the total number of issued and outstanding Shares on a non-diluted basis on the date of grant and (v) in the case of the Stock Option Plan, to persons employed to conduct Investor Relations Activities (as defined in the TSXV policies), shall be no more than an aggregate of 2% of the total number of issued and outstanding Shares on a non-diluted basis on the date of grant. Without the prior approval of the TSXV, no Shares may be issuable under the Restricted Share Plan to persons conducting Investor Relations Activities (as defined in the TSXV Policies).

### **Stock Option Plan**

Options may be granted under the Stock Option Plan to such directors, senior officers, Employees, Management Company Employees and Consultants (as such terms are defined in the Stock Option Plan), as the Board of Directors may from time to time designate.

The exercise prices of options will be determined by the Board, but will, in no event, be less than the market price of Shares on the date of grant of the stock options less the maximum discount permitted under the TSXV policies. All options granted under the Stock Option Plan will expire no later than the date that is five years from the date that such options are granted. Options or units granted under the Stock Option Plan or Restricted Share Plan are not transferable or assignable. All options granted under the Stock Option plan will be settled through delivery of a cheque payable to the Company in the amount of the exercise price of the options granted.

Subject to certain limitations set out in the Stock Option Plan, in the event that an option holder’s position as a director, officer, employee or consultant is terminated for any reason other than long term disability, death or for cause, the options held by such option holder may be exercised within 90 days of termination, provided such options have vested and not expired.

Subject to certain limitations set out in the Stock Option Plan, in the event that an option holder's position as a director, officer, employee or consultant is terminated as a result of his or her death or long term disability, any options held by such option holder that could have been exercised immediately prior to such termination of service shall be exercisable up to but not after the earlier of (a) the date one year following the date of death or long term disability of such option holder and (b) the original expiry date.

Subject to certain limitations set out in the Stock Option Plan, in the event that an option holder's employment is terminated for cause, the options held by such option holder shall be cancelled on the date of such termination for cause.

Subject to certain limitations set out in the Stock Option Plan, in the event that an option holder's employment is terminated due to his or her retirement (at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force) or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, any options held by such option holder that could have been exercised immediately prior to such termination of service shall be exercisable up to but not after the earlier of (a) the date 90 days following the date of termination and (b) the original expiry date.

Further details are set out in the Stock Option Plan which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Restricted Share Plan**

Restricted shares may be granted under the Restricted Share Plan to such Eligible Director, Eligible Contractor, Eligible Employee and Management Company Employee (as such terms are defined in the Restricted Share Plan) as the Board of Directors may from time to time designate.

The maximum number of Shares reserved for issuance from treasury under the Restricted Share Plan is 800,000. The Board (or a committee designated by the Board) shall have the authority to determine the terms and conditions of grants including, subject to certain limitations, the number of Restricted Shares subject to a grant and the applicable restricted period.

Subject to certain limitations, in the event of the retirement or termination of a participant during the restricted period, any restricted share rights held by the participant shall immediately terminate and be of no further force or effect, provided that the Board (or a committee designated by the Board) has the absolute discretion to waive such termination.

Subject to certain limitations, in the event of the death or total disability of a participant, any restricted shares represented by restricted share rights held by the participant shall be immediately issuable by the Company.

Further details are set out in the Restricted Plan which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

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

The Board is responsible for granting share based and option based awards to the executive officers. Stock option and restricted share grants are designed to reward executive officers for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the executive officers. When new awards are granted, the Board takes into account the previous grants of equity based awards, the number of stock options and restricted shares currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such awards is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders. The exercise price of the stock options granted is determined by the

trading price of the Company's shares at the time of grant. The Compensation Committee has been mandated with the responsibility of administering the compensation policies related to the executive management of the Company, including the share-based and option-based award plans

### **Risk of Compensation Practices and Disclosure**

The Company has not formally considered the risks associated with the Company's compensation policies and practices. The Company's compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short term goals at the expense of long term sustainability. The discretionary nature of annual bonus awards and option grants are significant elements of the Company's compensation plans and provide the Board with the ability to reward historical performance and behaviour that the Board considers to be aligned with the Company's best interests. The Company has attempted to minimize those compensation practices and policies that expose the Company to inappropriate or excessive risks.

### **SUMMARY COMPENSATION TABLE**

The compensation paid to the NEOs of the Company during the period from incorporation on May 3, 2019 to October 31, 2019 is set out below and expressed in Canadian dollars unless otherwise noted:

<i>Name and principal position</i>	<i>Year</i>	<i>Salary (\$)</i>	<i>Share-based awards (\$)</i>	<i>Option-based awards<sup>(1)</sup> (\$)</i>	<i>Non-equity incentive plan compensation (\$)</i>		<i>Pension value (\$)</i>	<i>All other compensation (\$)</i>	<i>Total compensation (\$)</i>
					<i>Annual Incentive plans</i>	<i>Long-term incentive plans</i>			
Michael G. Allen, CEO	2019	\$125,000	Nil	Nil	N/A	N/A	N/A	Nil	\$125,00
Victoria McMillan, CFO	2019	\$28,525	Nil	Nil	N/A	N/A	N/A	Nil	\$28,525

The compensation set out above is based on current conditions in the mineral exploration industry and on the associated approximate allocation of time for the CEO and CFO and is subject in future to adjustments based on changing market conditions and corresponding changes to required time commitments. Following the listing of the Common Shares on the TSX Venture Exchange, the Company will review its compensation policies and may adjust them if warranted by factors such as market conditions.

### **INCENTIVE PLAN AWARDS**

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

The Company did not have any share-based or option-based awards outstanding at the end of the most recently completed financial year:

### **PENSION PLAN BENEFITS**

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

## TERMINATION AND CHANGE OF CONTROL BENEFITS

Except as described below, the Company has no compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive any payments to compensate such executive officer in the event of resignation, retirement, change of control or other termination of the Named Executive Officer's employment with the Company.

On October 1, 2019, the Company entered into an employment agreement with the Company's Chief Financial Officer, Victoria McMillan pursuant to which Ms. McMillan agreed to provide her services as chief financial officer of the Company for an indefinite period (the "**CFO Agreement**"). On November 1, 2019, the Company entered into an employment agreement with the Company's Chief Executive Officer, Michael G. Allen pursuant to which Mr. Allen agreed to provide his services as chief executive officer of the Company for an indefinite period (the "**CEO Agreement**" and together with the CFO Agreement, the "**Executive Agreements**"). Both of the Executive Agreements were amended on December 30, 2019.

Under the CFO Agreement, Ms. McMillan will be paid an annual salary of \$120,000. By directors resolution, the annual salary of Ms. McMillan was increased to \$176,000. Under the CEO Agreement, Mr. Allen will be paid an annual salary of \$275,000. The Executive Agreements set out compensation terms for the executive, along with additional terms and conditions of employment. In general, the Executive Agreements provide for participation in the Company's incentive programs, vacation, expense reimbursement and benefits. In addition, the Executive Agreements include various restrictions on disclosure of confidential information and competing against the Company.

Ms. McMillan and Mr. Allen may terminate their employment without cause by giving the Company two months' notice. The Company may terminate the employment of Ms. McMillan or Mr. Allen without cause by notice in writing stating the last day of employment and Ms. McMillan and Mr. Allen may resign on two weeks' notice for "Good Cause" (as defined in the Executive Agreements), in which events the Company shall be obligated to provide Ms. McMillan or Mr. Allen, as applicable with the compensation set out below:

- (a) the full amount of the instalments falling due in respect of the employee's annual salary through to the termination date plus the amount of any accrued unpaid vacation pay to the termination date, the amount of any expenses reimbursable under the Executive Agreements, and the amount, if any, of any other compensation actually accrued and then payable to the employee which has not been paid;
- (b) an additional lump sum amount equivalent to six months of annual salary, calculated on the employee's annual salary at the highest rate in effect during the six (6) month period immediately preceding the date of termination, exclusive of any benefits, bonuses, and other amounts;
- (c) subject to the terms and conditions of the Company's stock option plan, the employee's options on shares of the Company shall remain in full force and effect in accordance with the original terms thereof with respect to all granted options, whether or not vested, at the termination date until the earlier of their normal expiry or three (3) months from the termination date. such options shall be deemed to have been amended to the effect that any provision which would otherwise terminate such options as a result of the termination of the employee's employment earlier than as set out herein shall be null and void;
- (d) any bonuses payable pursuant to the Executive Agreements, if the event giving rise to payment of a bonus occurs within two months of the date of the notice of termination; and
- (e) the Company shall continue at its cost the benefits then in effect for the employee, other than disability insurance, until the earlier of six (6) months from the termination date or the employee obtaining similar benefits through other employment. The Company shall pay the employee an amount equal to twelve (12) months of the then-prevailing premiums for his/her long term disability insurance.

The Company may at any time terminate the employment of Ms. McMillan or Mr. Allen for any just cause and in such event the employee shall not be entitled to any compensation or notice, but shall be entitled to receive the full amount of the instalments falling due in respect of the employee's annual salary through to the effective date of the termination, plus an amount of any accrued unpaid vacation pay to the date of termination and the amount, if any, of any other compensation payable to the employee which has not been paid. Stock options and restricted share units not yet vested and exercised shall terminate at the time of notice of termination for cause.

Upon the completion of a takeover of control, the employment of Ms. McMillan or Mr. Allen shall immediately terminate on that date and on the fifth business day following the termination date the Company shall provide Ms. McMillan and Mr. Allen with compensation which shall consist of the following:

- (a) the full amount of the instalments falling due in respect of the employee's annual salary through to the termination date, plus an amount equal to the amount, if any, of any accrued vacation pay, the amount of any expenses reimbursable pursuant to the Executive Agreements, and the amount, if any, of any other compensation actually accrued including but not limited to any accrued bonus then payable to the employee which has not been paid; and
- (b) an additional amount equivalent to twenty four months' salary, calculated on the employee's annual salary at the highest rate in effect during the twelve month period immediately preceding the termination date, exclusive of any benefits, bonuses, and other amounts; and
- (c) the employee's options and restricted share units on shares of the Company shall remain in full force and effect in accordance with the original terms thereof except that such options and units shall be deemed to have been amended to the effect that any provision which would otherwise terminate such options and units as a result of termination of the employee's employment shall be null and void and to the further effect that all of the employee's options and units on shares shall be deemed for all purposes of this clause and for all purposes of the options and units to have become fully exercisable on the termination date, so that none of the employee's options and units shall terminate or be cancelled as a result of the termination of the employee's employment hereunder and so that there are no longer any restrictions on the exercise of such options and units; and
- (d) the Company shall continue at its cost the benefits then in effect for the employee, other than disability insurance, until the earlier of twelve months from the termination date or the employee obtaining similar benefits through other employment. The Company shall pay the employee an amount equal to twelve months of the then-prevailing premiums for his long-term disability insurance.

The following table shows estimated incremental payments triggered pursuant to termination of employment of Mr. Allen and Ms. McMillan in accordance with the termination provisions described above:

Name and Position	Termination Without Cause Provision Value <sup>(1)</sup>	Termination on Change of Control Provision Value <sup>(1)</sup>	Resignation for Good Cause Provision Value <sup>(1)</sup>
Michael G. Allen CEO	\$137,500	\$550,000	\$137,500
Victoria McMillan CFO	\$88,000 <sup>(2)</sup>	\$352,000 <sup>(2)</sup>	\$88,000 <sup>(2)</sup>

**Notes:**

- (1) This does not include any accrued but unpaid annual salary and bonus payments or accrued vacation or any expenses to be reimbursed.
- (2) Based on Victoria McMillan's increase in annual salary, effective July 1, 2020.

## DIRECTOR COMPENSATION

Other than compensation paid to the NEOs, no compensation was paid to directors in their capacity as directors of the Company, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the end of the financial year ended October 31, 2019.

### Equity Compensation Plan Information

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

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the Record Date, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries, or, which is owing to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (ii) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, in relation to a securities purchase program or other program.

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

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

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

No informed person (as defined in National Instrument 51-102 - *Continuous Disclosure Obligations*) or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or its subsidiaries.

## **APPOINTMENT OF AUDITORS**

Davidson & Company, LLP were first appointed as auditors of the Company on September 5, 2019. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of Davidson & Company, LLP as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the directors.

## **MANAGEMENT CONTRACTS**

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

## **AUDIT COMMITTEE**

### **Audit Committee's Charter**

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

### **Composition of the Audit Committee**

The Company's current audit committee consists of Marcel de Groot, Darryl S. Cardey and Jeffrey Sundar.

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

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

### **Relevant Education and Experience**

*Marcel de Groot* – Marcel de Groot co-founded Pathway Capital Ltd., a Vancouver-based venture capital company, in September 2004 and serves as the company's President. Mr. de Groot has extensive public company experience. He currently serves as a director of Galiano Gold Inc., a gold mining company listed on the TSX with its flagship project located in West Africa; Drummond Ventures Corp, a Canada-based capital pool company that is focused on selecting and evaluating business opportunities with a view of completing a qualifying transaction and Magnitude Mining Ltd., a CPC focused on the mining industry. He has also served as a director or officer of various other successful public companies. Mr. de Groot holds a Bachelor of Commerce degree from the University of British Columbia and is a Chartered Professional

Accountant with the Chartered Professional Accountants of British Columbia. Mr. de Groot expects to devote 15% of his time to the affairs of the Company. Mr de Groot is neither an independent contractor nor an employee of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

*Darryl S. Cardey* – Darryl S. Cardey has been a principal of CDM Capital Partners Inc. since April 2011, a private British Columbia company involved in the business of venture capital financing and investments. Mr. Cardey has and continues to act as a director or in a senior financial role with a wide variety of private and public companies in the mining and technology sectors. Mr. Cardey holds a Chartered Professional Accountant designation from the Institute of Chartered Professional Accountants, British Columbia. Mr. Cardey expects to devote 10% of his time to the affairs of the Company. Mr Cardey is neither an independent contractor nor an employee of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

*Jeffrey Sundar* – Mr. Sundar has twenty years of experience in the mineral exploration sector in corporate development, marketing, and financing. He currently serves as Executive Director of Genesis Metals Corp. focused on gold exploration in Quebec. Mr. Sundar was a Director of Northern Empire Resources Corporation which was acquired by Coeur Mining in October 2018. Mr. Sundar was also a Director and Vice-President of Underworld Resources which discovered the 1.6 million oz White Gold deposit in west-central Yukon, and was subsequently acquired by Kinross Gold Corporation for \$138 million in June 2010. Mr. Sundar expects to devote 10% of his time to the affairs of the Company. He is neither an independent contractor nor an employee of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on:

1. the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
2. the exemption in subsection 6.1.1(4) of NI 52-110 (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
3. the exemption in subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*);
4. the exemption in subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*); or
5. an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described below in Schedule “A” Audit Committee Charter, and specifically under section 4.4 “Non-audit Services”.

## External Auditors Service Fees (By Category)

The aggregate fees billed by the Company's external auditors, Davidson & Company, LLP, during the period from incorporation on May 3, 2019 to October 31, 2019 are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees<sup>(1)</sup></i>	<i>Audit Related Fees<sup>(2)</sup></i>	<i>Tax Fees<sup>(3)</sup></i>	<i>All Other Fees<sup>(4)</sup></i>
October 31, 2019	\$Nil	\$Nil	\$Nil	\$Nil

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audited Related Fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees" above.
- (3) "Tax Fees" include the aggregate fees billed in the last fiscal year for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.
- (4) "All Other Fees" include the aggregate fees billed in each of the last fiscal year for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.

## Exemption in Section 6.1 of NI 52-110

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

## CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its Shareholders and contribute to effective and efficient decision making. A summary of the responsibilities and activities and the membership of each of the committees is set out below.

National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201") establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### Independence of Members of Board

The Company's current Board consists of six (6) directors, five (5) of whom are independent based upon the tests for independence set forth in NI 52-110. Marcel de Groot, Hayley De Witt, Douglas Hurst, Darryl Cardey and Jeffrey Sundar are independent. Michael Allen is not independent as he is the CEO of the Company.

### Management Supervision by Board

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent directors are, however, able to meet at any time without any members of management including the non-independent director being present. Further supervision is performed through the Audit Committee which is composed of a majority of independent directors who meet with the Company's auditors without management being in attendance. The independent directors exercise their responsibilities for independent oversight of management through their majority control of the Board.

## Participation of Directors in Other Reporting Issuers

The following table sets out the directors and nominees for director of the Company that are currently directors of other reporting issuers:

Name	Name of Reporting Issuer	Name of Exchange or Market	Since
Marcel de Groot	Magnitude Mining Ltd. Galiano Gold Inc. Drummond Ventures Corp.	TSXV TSX TSXV	May 10, 2018 July 2, 2009 September 25, 2018
Hayley De Witt	Sun Peak Metals Corp.	TSXV	August 17, 2020
Douglas Hurst	Calibre Mining Corp. Newcore Gold Ltd.	TSX TSXV	September 6, 2016 April 13, 2017
Darryl Cardey	Zoomd Technologies Ltd. Cairo Resources Inc. Western Pacific Resources Corp.	TSXV TSXV TSXV	January 16, 2017 August 6, 2014 October 30, 2019
Jeffrey Sundar	Genesis Metals Corp.	TSXV	December 29, 2010

## Orientation and Continuing Education

Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Company's records and management provide regular updates to the Board members on financial, technical and other information as relevant.

## Ethical Business Conduct

While the Company has not adopted a written code of business conduct and ethics, the Board will from time to time discuss and emphasize the importance of matters relating to conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of any illegal or unethical behavior.

## Nomination of Directors

It is the view of the Board that all directors, individually and collectively, should assume responsibility for nominating directors. The Board is responsible for identifying and recommending potential nominees for directorship and senior management. The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

## Compensation of Directors and the CEO

Compensation matters are currently determined by the Compensation Committee. The Compensation Committee is responsible for reviewing the compensation plans and severance arrangements for management, to ensure they are commensurate with comparable companies. The Compensation Committee will ensure that Eclipse has a plan for continuity of its officers and a compensation plan that is motivational and competitive.

## **Board Committees**

### *Compensation Committee*

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

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

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

In exercising its mandate, the Compensation Committee sets the standards for the compensation of directors, employees and officers based on industry data and with the goal to attract, retain and motivate key persons to ensure the long-term success of the Company. Compensation generally includes the three following components: base salary, annual bonus based on performance and grant of restricted shares and stock options. The Compensation Committee takes into account the North American context of its activities and increased competition in the market for its key personnel while also taking into account the performance and objectives set forth for the Company.

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

The members of the Compensation Committee are Marcel de Groot, Hayley De Witt and Douglas J. Hurst all of whom are independent directors.

### **Assessments**

The Board and each individual director are regularly assessed regarding their effectiveness and contribution. The assessment considers and takes into account: (1) in the case of the Board, its mandate; and (2) in the case of an individual director, the applicable position description(s), if any, as well as the competencies and skills each individual director is expected to possess.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at [info@eclipsegoldmining.com](mailto:info@eclipsegoldmining.com) to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

## **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

## **DIRECTORS' APPROVAL**

DATED at Vancouver, British Columbia this 8<sup>th</sup> day of September, 2020.

## **APPROVED ON BEHALF OF THE BOARD OF DIRECTORS**

*“Michael G. Allen”*

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Michael G. Allen,  
Chief Executive Officer and Director

## **Schedule “A”**

### **Audit Committee Charter**

#### **1. Mandate**

The audit committee will assist the board of directors of the Corporation (the “**Board**”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the audit committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each audit committee member must obtain an understanding of the principal responsibilities of audit committee membership as well and the Corporation’s business, operations and risks.

#### **2. Composition**

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Corporation. The audit committee will consist of a minimum of three directors.

##### *2.1 Independence*

A majority of the members of the audit committee must not be officers, employees or control persons of the Corporation or of an affiliate of the Corporation.

##### *2.2 Expertise of Committee Members*

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the audit committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

#### **3. Meetings**

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Corporation’s Chief Financial Officer and external auditors in separate executive sessions.

#### **4. Roles and Responsibilities**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

#### 4.1 *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

### *Annual Financial Statements*

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

### *Interim Financial Statements*

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

### *Release of Financial Information*

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

## *4.4 Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the audit committee.

### *Delegation of Authority*

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

### *De-Minimis Non-Audit Services*

- (a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
  - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount

of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided;

(ii) the Corporation and its subsidiaries did not recognize the services as non-audit services at the time of the engagement; and

(iii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

#### *Pre-Approval Policies and Procedures*

(a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

(i) the pre-approval policies and procedures are detailed as to the particular service;

(ii) the audit committee is informed of each non-audit service; and

(iii) the procedures do not include delegation of the audit committee's responsibilities to management.

#### 4.5 *Other Responsibilities*

The audit committee shall:

(a) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;

(b) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

(c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;

(d) review the policies and procedures in effect for considering officers' expenses and perquisites;

(e) perform other oversight functions as requested by the Board; and

(f) review and update this Charter and receive approval of changes to this Charter

from the Board; and

(g) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

#### 4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about audit committee activities and make appropriate recommendations.

### 5. **Resources and Authority of the Audit Committee**

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

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

### 6. **Guidance – Roles & Responsibilities**

The following guidance is intended to provide the audit committee members with additional guidance on fulfillment of their roles and responsibilities on the committee:

#### 6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

#### 6.2 *Financial Reporting*

##### *General*

- (a) review significant accounting and reporting issues, including recent

professional and regulatory pronouncements, and understand their impact on the financial statements; and

- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Corporation's adoption of them.

#### *Annual Financial Statements*

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

#### *Interim Financial Statements*

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors (where considered necessary), either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;

- (iii) generally accepted accounting principles have been consistently applied;
- (iv) there are any actual or proposed changes in accounting or financial reporting practices;
- (v) there are any significant or unusual events or transactions;
- (vi) the Corporation's financial and operating controls are functioning effectively;
- (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
- (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 *Other Responsibilities*

- (a) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.