

**MANAGEMENT INFORMATION CIRCULAR**

**AND**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING  
OF SHAREHOLDERS OF**

**TRANSCONTINENTAL GOLD CORP.**

**TO BE HELD ON June 30, 2021**

**Dated: May 31, 2021**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**to be held on June 30, 2021 at 10:00 am PST**

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the “**Meeting**”) of the shareholders of Transcontinental Gold Corp. (the “**Corporation**”) will be held in the offices of the Corporation at Suite 890, 580 Hornby Street, Vancouver, BC, V6C 3B6 on June 30, 2021 at 10:00 a.m. to consider resolutions for the following purposes:

1. To receive and consider the comparative financial statements of the Corporation for the financial year ended December 31, 2020, together with the report of the auditor thereon;
2. To set the number of directors at three (3);
3. To elect directors for the ensuing year;
4. To appoint BDO Canada LLP as auditors of the Corporation for the ensuing year and to authorize the directors to determine the remuneration to be paid to the auditors;
5. To consider and, if deemed advisable, pass a resolution to approve the removal of the consequences of the Corporation failing to complete a Qualifying Transaction within 24 months of the Corporation's date of listing on the TSX Venture Exchange, as is more particularly described in the accompanying information circular;
6. To consider and, if deemed advisable, pass a resolution to approve the amendment of the escrow release conditions and certain other provisions of the Escrow Agreement, as is more particularly described in the accompanying information circular;
7. To consider and, if deemed advisable, pass a resolution to approve the payment of a finder's fee or commission by the Corporation to a Non-Arm's Length Party to the Corporation upon completion of a qualifying transaction, as is more particularly described in the accompanying information circular; and
8. To transact such other business as may properly be put before the meeting.

The accompanying information circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice.

In light of the ongoing public health concerns related to COVID-19 and in order to comply with physical distancing measures imposed by the federal, provincial and municipal governments, only registered shareholders, non-registered Shareholders who have followed the procedures set forth in the accompanying Information Circular and their proxy holders, and any persons required or entitled by law to attend the Meeting, will be entitled to attend the Meeting in person. **However, all such persons are encouraged NOT to attend but to vote on matters at the Meeting by proxy, appointing a management proxyholder to limit the number of attendees.** Shareholders are urged to complete and return a proxy or voting instruction form if they wish to vote at the Meeting.

The Corporation reserves the right to deny physical attendance at the Meeting to any person in order to enforce physical distancing measures (including, but not limited to, limiting the total number of attendees at the Meeting and denying entry to any person exhibiting symptoms of COVID-19). Shareholders who wish to attend the Meeting in person must provide notice beforehand by email to Mr. Wenhong Jin by email at [transcontinentalgold@gmail.com](mailto:transcontinentalgold@gmail.com) of their intention to attend in person to ensure that the Corporation can maintain physical distancing and comply with the then current direction and advice from federal, provincial and municipal levels of government. Requirements for physical distancing that are effective on the date of the Meeting will limit the number of Shareholders permitted to attend the Meeting in person. Each such Shareholder may be asked to complete a declaration regarding COVID-19 related health matters prior to being admitted to the Meeting. The declaration will require the Shareholder to confirm that:

- they have not been outside of Canada in the last 14 days;
- they do not share a household with someone who has been outside of Canada in the last 14 days;
- they have not, to their knowledge, been in close contact in the last 14 days with someone who has been diagnosed with COVID-19; and
- they are not suffering from any flu-like symptoms.

Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed proxy. A proxy will not be valid unless it is deposited by mail or by fax at the office of Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1 Fax: Within North America: 1-866-249-7775, Outside North America: (416) 263-9524 not less than 48 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or an adjournment thereof. Only Shareholders of record on May 26, 2020 are entitled to receive notice of and vote at the Meeting.

DATED at Vancouver, British Columbia this 31<sup>st</sup> day of May, 2021.

BY ORDER OF THE BOARD OF DIRECTORS OF  
**TRANSCONTINENTAL GOLD CORP.**

/s/ "**WENHONG JIN**"  
President and CEO

## MANAGEMENT INFORMATION CIRCULAR

as at May 31, 2021

### MANAGEMENT SOLICITATION OF PROXIES

This information circular ("**Information Circular**") is provided in connection with the solicitation of proxies by the management of Transcontinental Gold Corp. (the "**Corporation**") for use at the Annual General and Special Meeting of the shareholders of the Corporation (the "**Meeting**") to be held on June 30, 2021, at Suite 890, 580 Hornby Street, Vancouver, British Columbia, Canada, at 10:00 a.m. (Vancouver time) and at any adjournments thereof for the purposes set forth in the enclosed Notice of Annual General and Special Meeting ("**Notice of Meeting**").

The solicitation of proxies will be primarily by mail. Proxies may also be solicited personally by directors, officers and regular employees of the Corporation. The cost of solicitation of proxies will be borne by the Corporation.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy (the "**Proxy**") are officers of the Corporation. **A registered shareholder has the right to appoint a person (who need not be a shareholder) other than the persons named as the proxy of the shareholder and may exercise this right either by inserting that person's name in the blank space provided in the Proxy and striking out the other names or by completing another proper form of proxy.** To be effective, Proxies must be deposited at the office of the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or adjournment thereof.

Proxies given by registered shareholders for use at the Meeting may be revoked at any time before their use. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by depositing an instrument in writing signed by the registered shareholder, or by the registered shareholder's attorney duly authorized in writing, at the registered office of the Corporation, Suite 890, 580 Hornby Street, Vancouver, British Columbia, on or before the last business day preceding the day of the Meeting, or any adjournment thereof, or with the chair of the Meeting on the day of the Meeting, or any adjournment thereof.

### Voting and Discretion of Proxies

The common shares of the Corporation represented by the Proxies solicited by management of the Corporation pursuant to this Circular will be voted or withheld from voting in accordance with the directions contained therein. **If no directions are given, the common shares will be voted FOR the fixing of the number of directors at five, FOR the election of management's nominees as directors of the Corporation, FOR the appointment of management's nominee as auditors of the Corporation and authorizing the directors to fix their remuneration, FOR the amendment of the stock option plan and FOR the adoption of the new set of articles. The Proxy confers discretionary authority on the persons named therein in respect of amendments or variations to the matters referred to in the Notice and in respect of other matters that may properly come before the Meeting, or any adjournment thereof.**

As at the date of this Circular, management knows of no such amendments or variations or other matters that may properly come before the Meeting but, if any such amendments, variations or other matters are properly brought before the Meeting, the persons named in the Proxies will vote thereon in accordance with their best judgment.

### Non-Registered Holders

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "**Non-Registered Holder**") but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered

RRSPs, RRIAs, 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).

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as “NOBOs.” Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as “OBOs.” In accordance with applicable securities laws, the Corporation has elected to send the notice and access notification directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the notice and access notification to each OBO, unless the OBO has waived the right to receive them.

The Meeting Materials are being made available to both registered shareholders and Non-Registered Holders. If you are a Non-Registered Holder and the Corporation or its agent has sent the notice and access notification directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. In this event, by choosing to send the notice and access notification to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) making available the Meeting Materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Corporation does not intend to pay for the Intermediary to deliver the notice and access notification or Meeting Materials to OBOs and, as a result, OBOs will not be sent paper copies of such notice and access notification or Meeting Materials unless their Intermediary assumes the costs. Intermediaries will frequently use service companies to forward the notice and access notification and/or Meeting Materials to the Non-Registered Holders. Generally, a Non-Registered Holder who has not waived the right to receive Meeting Materials will either:

- a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder and must be completed, but not signed, by the Non-Registered Holder and deposited with Computershare Investor Services Inc.; or
- b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the management proxyholder named in the form and insert the Non-Registered Holder’s name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or proxy authorization form is to be delivered.

## **VOTING SHARES**

The record date for the determination of shareholders entitled to receive notice of and vote at the Meeting has been fixed as May 26, 2021. Except as may be otherwise indicated herein and in the Notice, the affirmative vote of a majority of the votes cast at the Meeting is required for approval of each matter set forth in this Circular.

To the knowledge of the directors and senior officers of the Corporation, no person or corporation beneficially owned, directly or indirectly, or exercised control or direction over, common shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Corporation as at the date of this Information Circular.

## **Common Shares**

The authorized capital of the Corporation consists of an unlimited number of common shares without par value. As at the date of this Circular 7,080,000 common shares are issued and outstanding.

Each common share of the Corporation carries the right to one vote, and all common shares may be voted at the Meeting.

## ELECTION OF DIRECTORS

The directors of the Corporation are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are appointed.

Shareholder approval will be sought to fix the number of directors of the Corporation at three (3).

In the absence of instructions to the contrary, the enclosed Proxy will be voted for the three (3) nominees listed herein.

THE MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR. IN THE EVENT THAT, PRIOR TO THE MEETING, ANY VACANCIES OCCUR IN THE SLATE OF NOMINEES HEREIN LISTED, IT IS INTENDED THAT DISCRETIONARY AUTHORITY SHALL BE EXERCISED BY MANAGEMENT TO VOTE THE PROXY FOR THE ELECTION OF ANY OTHER PERSON OR PERSONS AS DIRECTORS.

Name, Country of Residence and Present Position with Corporation	Principal Occupation and, IF NOT at Present an ELECTED Director, Occupation During the Past Five Years	Period From Which Nominee Has Been Director	Number of Common Shares Beneficially Owned <sup>(2)</sup>
Wenhong (Wilson) Jin <sup>(1)</sup> Vancouver, BC President, CEO, CFO, and Director	Consultant and Geologist	since July 28, 2016	600,000
Yingting (Tony) Guo <sup>(1)</sup> Surrey, BC Director	Consultant and Professional Geoscientist	July 28, 2016	440,000
Xuexin (Kevin) Zhu <sup>(1)</sup> Vancouver, BC Director	Consultant and Professional Engineer	July 28, 2016	400,000

<sup>(1)</sup> Member of the Audit Committee.

<sup>(2)</sup> Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the date of this Information Circular, based upon information furnished to the Corporation by individual Directors. Unless otherwise indicated, such shares are held directly.

## Corporate Cease Trade Orders or Bankruptcies

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 Corporation) 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 Corporation)

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

The following information is presented in accordance with National Instrument Form 51-102F6V ("**Statement of Executive Compensation**"), and sets forth compensation for Mr. Wenhong Jin (President, Chief Executive Officer and Chief Financial Officer), the most highly compensated executive officer as at December 31, 2020 whose total compensation was, individually, more than \$150,000 for the financial year (collectively the "Named Executive Officers" or "NEOs"), and for the directors of the Corporation.

#### Summary Compensation Table

The compensation (excluding compensation securities) for the Named Executive Officers and the directors for the Corporation's two most recently completed financial years is as set out below:

**Table of 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 (\$)
Wenhong Jin President, CEO, CFO	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Yingting (Tony) Guo Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Xuexin (Kevin) Zhu Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Zhongli Cui Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
John Lee Wong Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Jianguo Gao Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

## **Stock Options and Other Compensation Securities**

No compensation securities were granted or issued any each director or Named Executive Officer by the Corporation in the most recently completed financial year.

### **Oversight and Description of Director and Named Executive Officer Compensation**

#### ***Compensation of Directors***

Compensation of directors is determined by a recommendation of the President & CEO and approval of the board of directors. Non-executive directors received fees as outlined in the Summary Compensation Table above. Long term incentives (stock options) are granted from time to time, based on an existing complement of long term incentives, corporate performance and to be competitive with other companies of similar size and scope.

#### ***Compensation of Named Executive Officers***

The Corporation's compensation philosophy for Named Executive Officers follows three underlying principles:

- (a) to provide compensation packages that encourage and motivate performance;
- (b) to be competitive with other companies of similar size and scope of operations so as to attract and retain talented executives; and
- (c) to align the interests of its executive officers with the long-term interests of the Corporation and its shareholders through stock related programs.

When determining compensation policies and individual compensation levels for the Corporation's executive officers, the Corporation takes into consideration a variety of factors including management's understanding of the amount of compensation generally paid by similarly situated companies to their executives with similar roles and responsibilities; each executive officer's individual performance during the fiscal year; each executive officer's experience, skills and level of responsibility; the executive's historical compensation and performance within the Corporation; and existing market standards within the mining industry. Management presents its recommendations to the Board of Directors.

#### ***Elements of NEO Compensation***

##### **Compensation Mix**

The Corporation is a "Capital Pool Company" (a "CPC") as defined in TSX Venture Exchange ("TSXV") Policy 2.4. Pursuant to Section 7.2 of Policy 2.4, until such time as the CPC has completed a Qualifying Transaction, the CPC is prohibited from making any payment to a Non-Arm's Length Party to the CPC for salaries, consulting fees, management fees or other such basis, subject to certain conditions. Consequently, no amount has been paid by the Corporation to a Non-Arm's Length Party to the Corporation.

##### **Long Term Incentive Plan (Stock Options)**

Long term incentives are performance-based grants of stock options. The awards are intended to align executive interests with those of shareholders by tying compensation to share performance and to assist in retention through vesting provisions. Grants of stock options are based on:

- (a) the executive's performance;
- (b) the executive's level of responsibility within the Corporation;
- (c) the number and exercise price of options previously issued to the executive; and
- (d) the overall aggregate total compensation package provided to the executive.

The value of any long term options allocated is determined using the Black-Scholes model.

Management makes recommendations to the Compensation Committee and the Board concerning the Corporation's Long Term Incentive Plan based on the above criteria. Options are typically granted on an annual basis in connection with the review of executives' compensation packages. Options may also be granted to executives upon hire or promotion and as special recognition for extraordinary performance.

Stock compensation awards are also granted, at the discretion of the Board, to existing directors, employees, and technical consultants based on award levels in the past and Corporation performance, in compliance with applicable securities law, stock exchange, and other regulatory requirements. Share

compensation grants may also be issued, at the discretion of the Board, throughout the year, to attract new directors, officers, employees or consultants. The Corporation's Board of Directors considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding common shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience, and level of commitment of the director, officer, employee, or consultant in determining the level of incentive stock option compensation.

### **Benefits and Perquisites**

The Corporation's NEOs do not receive any benefits or perquisites. For additional details, see "Description of the Long Term Incentive Plan" below.

### **Pension Plan Benefits**

The Corporation does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

As at the date of this Information Circular, there was no indebtedness outstanding with any current or former Director, executive officer or employee of the Corporation or its subsidiaries which is owing to the Corporation 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 Corporation 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 Corporation, no proposed nominee for election as a Director of the Corporation 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 Corporation 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 Corporation or its subsidiaries,

in relation to a securities purchase program or other program.

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

Other than as stated herein, no informed person, director, executive officer, nominee for director, any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Corporation, nor any associate or affiliate of such persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transactions or any proposed transactions which has materially affected or would materially affect the Corporation.

### **APPOINTMENT AND REMUNERATION OF AUDITOR**

BDO Canada LLP, Chartered Professional Accountants of Vancouver, British Columbia ("BDO") was appointed by the Corporation to act as auditor for the Corporation on January 21, 2021.

Management of the Corporation proposes to nominate BDO as auditors of the Corporation to hold office until the next Annual General Meeting of Shareholders, at a remuneration to be fixed by the directors. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of Davidson as the auditors of the Corporation to hold office for the ensuing year and to authorize the directors to fix their remuneration.

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

Capitalized terms used and not defined in this Section have such meaning ascribed to it in the policies of the TSXV.

## **1. REMOVAL OF THE CONSEQUENCES OF FAILING TO COMPLETE A QUALIFYING TRANSACTION WITHIN 24 MONTHS OF LISTING**

Currently, if the Corporation fails to complete a Qualifying Transaction within 24 months of the date its common shares became listed and posted for trading on the TSXV, it faces the consequences of either (i) the potential delisting or suspension of the common shares on the TSXV, or (ii) subject to the approval of the majority of Shareholders, transferring the common shares to list on the NEX board of the TSXV and cancelling certain seed common shares held by Non-Arm's Length Parties to the Corporation (the "Qualifying Transaction Consequences").

Pursuant to Section 15.2(b)(i) of Policy 2.4 of the TSXV and the TSXV's Form 2F – *CPC Escrow Agreement* (the "New CPC Escrow Agreement"), any CPC listed on Tier 2 of the TSXV may, subject to obtaining disinterested Shareholder approval at a meeting of Shareholders, remove the Qualifying Transaction Consequences

For the purposes of the disinterested Shareholder approval, the votes attached to the common shares held by Non-Arm's Length Parties to the Corporation who own seed shares and their Associates and Affiliates, a total of 3,100,000 common shares, are excluded from the calculation of any such approval. Capitalized terms used and not defined in this paragraph or elsewhere in the Circular have the meanings given to them in TSXV policies.

### *Disinterested Shareholder Approval*

At the Meeting, disinterested shareholders will be asked to consider and vote on an ordinary resolution to confirm and approve the terms of the new Policy 2.4 of the TSXV as set out in Section 15.2(b)(i) therein with respect to the removal of the consequences described above of failing to complete a Qualifying Transaction within 24 months after the date of listing, with or without variation (the "New Policy QT Resolution"), as follows:

*"BE IT RESOLVED THAT AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS, THAT:*

- 1. the removal of the potential consequences associated with the Corporation if it fails to complete a Qualifying Transaction within 24 months after the date of listing of the common shares of the Corporation on the TSX Venture Exchange ("TSXV"), including the potential delisting or suspension of the Corporation if it has not obtained majority Shareholder approval to transfer its listing to the NEX board of the TSXV and the cancellation of certain Seed Shares held by Non-Arm's Length Parties to the Corporation, be and is hereby confirmed and approved; and*
- 2. any one or more directors and officers of the Corporation be authorized to perform all such acts, deeds and things and execute, under seal of the Corporation or otherwise, all such documents as may be required to give effect to this resolution."*

An ordinary resolution of disinterested shareholders is a resolution passed by a majority of the disinterested shareholders (which excludes the votes attached to the common shares held by Non-Arm's Length Parties of the Corporation who own seed shares and their Associates and Affiliates, a total of 3,100,000 votes) at a general meeting by a simple majority of the disinterested votes cast in person or by proxy.

**Management recommends that shareholders approve the New Policy QT Resolution as set out above, and the persons named in the enclosed Proxy intend to vote FOR the foregoing. Proxies received in favour of management will be voted FOR the New Policy QT Resolution.**

## **2. AMENDMENT OF ESCROW AGREEMENT**

Pursuant to Section 15.2(b)(iv) of the new Policy 2.4 of the TSXV, any CPC that is listed on the TSXV, may, after it obtains disinterested shareholder approval at meeting of Shareholders, amend any escrow agreement to which the CPC is a party to reduce the length of the term of any escrow provision to a

term that is not less than such as is permitted by Section 10.2 of the new Policy 2.4 of the TSXV; provided that it complies with all other terms and conditions of the CPC Escrow Agreement being amended.

On April 19, 2017, the Corporation, Computershare and certain securityholders of the Corporation entered into a Form 2F – *CPC Escrow Agreement* (the “**Escrow Agreement**”), a copy of which is available under the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com). Under the old Policy 2.4 of the TSXV and the provisions of the TSXV’s current Form 2F – *CPC Escrow Agreement*, all Escrow Shares will be released from escrow in accordance with one of the following schedules:

(a) if the resulting issuer upon completion of the Corporation’s Qualifying Transaction is a Tier 1 Issuer on the TSXV:

<b>Release Dates</b>	<b>Percentage of Total Escrow Securities to be Released</b>
Date of Final Exchange Bulletin	25%
Date that is 6 months following Final Exchange Bulletin	25%
Date that is 12 months following Final Exchange Bulletin	25%
Date that is 18 months following Final Exchange Bulletin	25%
<b>TOTAL:</b>	<b>100%</b>

(b) if the resulting issuer upon completion of the Corporation’s Qualifying Transaction is a Tier 2 Issuer on the Exchange:

<b>Release Dates</b>	<b>Percentage of Total Escrow Securities to be Released</b>
Date of Final Exchange Bulletin	10%
Date that is 6 months following Final Exchange Bulletin	15%
Date that is 12 months following Final Exchange Bulletin	15%
Date that is 18 months following Final Exchange Bulletin	15%
Date that is 24 months following Final Exchange Bulletin	15%
Date that is 30 months following Final Exchange Bulletin	15%
Date that is 36 months following Final Exchange Bulletin	15%
<b>TOTAL:</b>	<b>100%</b>

In comparison, under the new Policy 2.4 of the TSXV and the provisions of the New CPC Escrow Agreement, the Escrow Agreement may be amended such that, except for CPC Stock Options and Option Shares that are released from escrow on the date of the Final QT Exchange Bulletin as provided in Section 10.2(a) of the new Policy 2.4 of the TSXV, all Escrow Securities will be released from escrow in accordance with the following schedule:

<b>Release Dates</b>	<b>Percentage of Total Escrow Securities to be Released</b>
Date of Final QT Exchange Bulletin	25%
Date 6 months following Final QT Exchange Bulletin	25%
Date 12 months following Final QT Exchange Bulletin	25%
Date 18 months following Final QT Exchange Bulletin	25%
<b>TOTAL:</b>	<b>100%</b>

In addition, under Policy 2.4 of the TSXV, all CPC Stock Options granted prior to the date of the Final QT Exchange Bulletin and all Option Shares that were issued prior to the date of the Final QT Exchange Bulletin will be released from escrow on the date of the Final QT Exchange Bulletin, other than CPC Stock Options that were granted prior to the Corporation's IPO with an exercise price that is less than the issue price of the IPO Shares, and any Option Shares that were issued pursuant to the exercise of such CPC Stock Options which will be released from escrow in accordance with the schedule set out in Section 10.2 of the new Policy 2.4 of the TSXV (and reproduced in the table immediately above this paragraph).

Subject to obtaining disinterested Shareholder approval, the Corporation is proposing to amend the Escrow Agreement in accordance with the terms of the New CPC Escrow Agreement in order to reduce the length of the term of the applicable escrow provision to a term that is not less than such as is permitted by Section 10.2 of Policy 2.4 of the TSXV.

For the purposes of the disinterested Shareholder approval, the votes attached to the common shares held by Shareholders that are party to the Escrow Agreement and their Associates and Affiliates, a total of 3,100,000 common shares, are excluded from the calculation of any such approval. Capitalized terms used and not defined in this paragraph or elsewhere in the Circular have the meanings given to them in Exchange policies.

#### *Disinterested Shareholder Approval*

At the Meeting, disinterested Shareholders will be asked to consider and vote on an ordinary resolution to confirm and approve the terms of the new Policy 2.4 of the TSXV as set out in Section 15.2(b)(iv) therein with respect to the amendment of the Escrow Agreement, with or without variation (the "**New Policy Escrow Resolution**"), as follows:

*"BE IT RESOLVED THAT AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS, THAT:*

- 1. the amendment of the Escrow Agreement dated April 19, 2017 among the Corporation, Computershare Investor Services Inc. and certain securityholders of the Corporation in order to reduce the length of the term of any escrow provision to a term that is not less than such as is permitted by Section 10.2 of Policy 2.4 of the TSX Venture Exchange Inc. be and is hereby confirmed and approved; and*
- 2. any one or more directors and officers of the Corporation be authorized to perform all such acts, deeds and things and execute, under seal of the Corporation or otherwise, all such documents as may be required to give effect to this resolution."*

An ordinary resolution of disinterested Shareholders is a resolution passed by a majority of the disinterested Shareholders (which excludes the votes attached to the common shares held by Non-

Arm's Length Parties of the Corporation who own Seed Shares and their Associates and Affiliates, a total of 3,100,000 votes) at a general meeting by a simple majority of the disinterested votes cast in person or by proxy.

**Management recommends that Shareholders approve the New Policy Escrow Resolution as set out above, and the persons named in the enclosed Proxy intend to vote FOR the foregoing. Proxies received in favour of management will be voted FOR the New Policy Escrow Resolution.**

### **3. PERMITTING PAYMENT OF A FINDER'S FEE TO A NON-ARM'S LENGTH PARTY TO THE CORPORATION**

Under the old Policy 2.4 of the TSXV, a finder's fee could not be paid to a Non-Arm's Length Party to the Corporation.

Under the new Policy 2.4 of the TSXV, a finder's fee may be paid to a Non-Arm's Length Party to the Corporation, provided:

- (a) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
- (b) the Qualifying Transaction is not a transaction between the Corporation and an existing public company;
- (c) the finder's fee is payable in the form of cash, listed Shares and/or warrants only;
- (d) the amount of any concurrent financing is not included in the value of the measurable benefit used to calculate the finder's fee; and
- (e) Shareholder approval of the finder's fee is obtained by ordinary resolution at a meeting of Shareholders.

Under the new Policy 2.4 of the TSXV, the Corporation may seek disinterested shareholder approval to permit payment of a finder's fee to a non-arm's length party to the Corporation ("**Non-Arm's Length Finders Fees**"). For the purposes of the disinterested Shareholder approval, the votes attached to the common shares held by Non-Arm's Length Parties to the Corporation who own seed shares and their Associates and Affiliates, a total of 3,100,000 common shares, are excluded from the calculation of any such approval. Capitalized terms used and not defined in this paragraph or elsewhere in the Circular have the meanings given to them in Exchange policies.

#### *Disinterested Shareholder Approval*

At the Meeting, disinterested Shareholders will be asked to consider and vote on an ordinary resolution to confirm and approve the terms of the new Policy 2.4 of the TSXV with respect to permitting the payment of a finder's fee to a Non-Arm's Length Party to the Corporation (the "**Non-Arm's Length Finders Fees Resolution**"), as follows:

*"BE IT RESOLVED THAT AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS, THAT:*

- 1. the Corporation approve and ratify, subject to regulatory approval, Non-Arm's Length Finders Fees, as such term is defined in and as is permitted by Policy 2.4 of the TSX Venture Exchange Inc. be and is hereby confirmed and approved; and*
- 2. any one officer or director of the Corporation is hereby authorized to execute and deliver all such documents and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."*

An ordinary resolution of disinterested Shareholders is a resolution passed by a majority of the disinterested Shareholders (which excludes the votes attached to the common shares held by Non-Arm's Length Parties of the Corporation who own seed shares and their Associates and Affiliates, a total of 3,100,000 common shares) at a general meeting by a simple majority of the disinterested votes cast in person or by proxy.

**Management recommends that Shareholders approve the Non-Arm's Length Finders Fees Resolution as set out above, and the persons named in the enclosed Proxy intend to vote FOR the foregoing. Proxies received in favour of management will be voted FOR the Non-Arm's Length Finders Fees Resolution.**

## **AUDIT COMMITTEE**

Pursuant to Section 224(l) of the *Business Corporations Act* (British Columbia), the policies of the TSXV and Multilateral Instrument 52-110 ("**MI 52-110**") *Audit Committees*, the Corporation is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Corporation or an affiliate of the Corporation. MI 52-110 requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

The Audit Committee held an annual meeting in the fiscal year ending November 30, 2016. It intends to hold annual meetings going forward. The Audit Committee reviews the interim and annual financial statements on a quarterly basis and discusses these statements with the Corporation's auditor as necessary. In addition, all financial statements are recommended by the Audit Committee to the Board for approval.

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

The full text of the Audit Committee Charter is attached as Schedule "A" to this Information Circular.

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

The following are members of the Audit Committee as at December 31, 2020:

	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(1)</sup></b>
Wenhong (Wilson) Jin	N	Y
Yingting (Tony) Guo	Y	Y
Xuexin (Kevin) Zhu	Y	Y

<sup>(1)</sup> As defined by MI 52-110.

The Corporation is relying on the exemption provided under Section 6.1 of MI 52-110.

### Relevant Education and Experience

Each audit committee member has gained financial literacy through their years of experience serving as directors of several mining and mineral exploration companies as financial industry executives, and serving on numerous other audit committees. In these positions, each member would be responsible for receiving financial information relating to their company and obtaining an understanding of the balance sheet, income statement and statement of cash flows and how these statements are integral in assessing the financial position of the Corporation and its operating results. Each member has significant understanding of the mineral exploration business which the Corporation engages in and has an appreciation for the relevant accounting principles for that business.

**Wenhong (Wilson) Jin** has held the offices of President and CEO of Huakan International Mining Inc. since April 2014. From November 2010 to April 2014, Mr. Jin held the positions of Chief Geologist and Vice-President of Huakan International. Huakan International is a mining company incorporated in Canada focused on developing gold, silver, and non-ferrous mineral projects through the acquisition, exploration, and development of precious and base metal deposits. Mr. Jin was also appointed President of China Minerals Mining Corporation on April 28, 2017. Mr. Jin obtained a Bachelor degree from Guilin University of Technology located in Guilin City, Guangxi Province, China, in 1992.

**Yingting (Tony) Guo** has been employed as a Consulting Geologist, by his wholly-owned company, XJ Investment and Consulting Ltd. since August 2012. From Dec 2010 until July 2012, Mr. Guo was employed as Vice-President of Behre Dolbear, a mineral industry advisory firm specialising in performing impartial technical and strategic studies for mining companies, financial institutions, governments and international agencies. Mr. Guo has been a director of CaNickel Mining Limited since May 2015. Mr. Guo was also appointed to the board of directors of Nickel North Exploration Corp. in July 2016. In July 2016 and then CEO in July 2019. Mr. Guo has been the Chairman of C2 Mining International Corp. from May 2016 to June 2020. Since September 2018, Guo was also appointed to the board of directors of Jaxon Mining Inc and then President/COO in May 2019. Mr. Guo has been the Chairman and CEO of

C2 Mining International Corp. from May 2016 to December 2016. Since July 2012, he has also served as the Vice President and Chief Geologist of SW Tech Corporation. Mr. Guo obtained a Bachelor degree from Nanjing University in Nanjing, China in 1982, a Master's degree from China University of Mining and Technology in Beijing, China in 1985 and a Doctorate degree from China University of Mining and Technology in 1988.

**Xuexin (Kevin) Zhu** has been acting as Chief Executive Officer of CaNickel Mining Ltd., a company listed on the Exchange, since December 2014 after being promoted from the position of Interim CEO, a title that he held from December 2010 to August 2011. He has also been a director of CaNickel Mining Ltd. since November 2013 and was Chief Operating Officer of Vatulkoula Gold Mines PLC from February 2014 to October 2014. Mr. Zhu obtained a Bachelor of Mining Engineering degree from Central South University located in Changsha, China, in 1990. Mr. Zhu obtained a Master of Mining Engineering degree from Laurentian University in Sudbury, Ontario, in 2006.

#### Audit Committee Oversight

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

#### Reliance on Certain Exemptions

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

#### Pre-Approval Policies and Procedures

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

#### **External Auditor Service Fees (By Category)**

The table below sets out all fees billed by the Corporation's external auditor in each of the last two fiscal years. In the table "Audit Fees" are fees billed by the Corporation's external auditor for services provided in auditing the Corporation's financial statements for the fiscal year. "Audit-Related Fees" are fees not included in Audit Fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax Fees" are fees billed by the Corporation's external auditors for professional services rendered for tax compliance, tax advice and tax planning. "All Other Fees" are fees billed by the external auditor for products and services not included in the foregoing categories:

<b>Financial Year Ended</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2020	\$17,222.61	Nil	Nil	Nil
2019	\$12,145	Nil	Nil	Nil
2018	\$8,502	Nil	Nil	Nil

#### Exemption in Section 6.1

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

## **STATEMENT OF CORPORATE GOVERNANCE**

### **General**

Corporate governance refers to the policies and structure of the board of directors of a company whose members is elected by and is accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices; as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

This section describes the Corporation's approach to corporate governance.

## Board of Directors

As of the date of this Circular, the Board consisted of six (6) directors: Wenhong Jin, Yingting Guo, Xuexin Zhu, John Lee Wong, Zhongli Cui and Jianguo Gao. However, John Lee Wong, Zhongli Cui and Jianguo Gao are not nominated for re-election at the meeting.

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of the Corporation’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board facilitates its independent supervision over management by holding periodic board meetings to discuss the operations of the Corporation. The Board is responsible for determining whether or not each director is an independent director. To do this, the Board analyzes all the relationships of the directors with the Corporation and its subsidiaries. None of the independent directors is engaged in the day-to-day operations of the Corporation or is a party to any material on-going contracts with the Corporation. More information about each director can be found above in this Information Circular under Election of Directors.

The current independent members of the Board are Yingting Guo, Xuexin Zhu, John Lee Wong, Zhongli Cui and Jianguo Gao. Following the Meeting, the independent members of the Board will be, if elected, Yingting Guo and Xuexin Zhu.

The non-independent director is Wenhong Jin, the Corporation’s CEO, CFO and promoter.

The following directors of the Corporation hold directorships in other reporting issuers as set out below:

<b>Name of Director</b>	<b>Name of Other Reporting Issuer</b>	<b>Name of Exchange</b>
Wenhong Jin	Wildsky Resources Inc. Evermount Ventures Inc. Parallel Mining Corp. Margaux Resources Ltd.	<i>TSXV<sup>(1)</sup></i> <i>TSXV<sup>(1)</sup></i> <i>TSXV<sup>(1)</sup></i> <i>TSXV<sup>(1)</sup></i>
Yingting Guo	Jaxon mining Inc Nickel North Exploration Canickel Mining Inc	<i>TSXV<sup>(1)</sup></i> <i>TSXV<sup>(1)</sup></i> <i>TSXV<sup>(1)</sup></i>
Xuexin Zhu	Canickel Mining Inc	<i>TSXV<sup>(1)</sup></i>
John Lee Wong	Anglo-Bimarc Mines Ltd.	<i>TSXV<sup>(1)</sup></i>
Jianguo Gao	Canickel Mining Inc.	<i>TSXV<sup>(1)</sup></i>

### **Notes:**

(1) The TSX Venture Exchange

## Stewardship of the Corporation

The Board performs its functions through quarterly and special meetings and has delegated certain of its responsibilities to those committees described below. In addition, the Board has established policies and procedures that limit the ability of management to carry out certain specific activities without the prior approval of the Board.

The Board, through its audit committee, has the responsibility of identifying the principal risks of the Corporation’s business. The Corporation is a CPC and has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the TSX Venture Exchange Policy 2.4, until the completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction (as such term is defined in Policy 2.4). As such, it has

worked with management to implement policies to identify the risks and to establish systems and procedures to ensure compliance with Policy 2.4.

The Board has, together with the Chief Executive Officer, developed a written position description for the Chief Executive Officer. As well, the Board meets at least quarterly with the Management Committee to review and approve the Management Committee's quarterly and annual objectives.

The Board delegates responsibility for the integrity of internal controls and management information systems to the audit committee. The Corporation's external auditors report directly to the audit committee. In its regular meetings with the external auditors, the audit committee discusses, among other things, the Corporation's financial statements and the adequacy and effectiveness of the Corporation's internal controls and management information systems.

### **Orientation and Continuing Education**

The Corporation does not provide a formal orientation and education program for new directors; however, any new directors will be given the opportunity to familiarize themselves with the Corporation, the current directors and members of management. Directors are also encouraged and given the opportunity for continuing education.

### **Ethical Business Conduct**

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

### **Nomination of Directors**

The Board considers 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. The Board does not have a nominating committee: these functions are currently performed by the Board as a whole. However, if there is a change in the number or composition of directors required by the Corporation, this policy will be reviewed.

### *Other Board Committees*

Aside from the Audit Committee, the Corporation has no other Board committees.

### *Assessments*

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

## **ADDITIONAL INFORMATION**

Additional information concerning the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Financial information relating to the Corporation is provided in the Corporation's audited financial statements and the management discussion and analysis ("MD&A") for the year ended December 31, 2020. Shareholders may download the financial statements and MD&A from SEDAR ([www.sedar.com](http://www.sedar.com)) or contact the Corporation directly to request copies of the financial statements and MD&A by: (i) mail to Suite 890, 580 Hornby Street, Vancouver, BC V6C 3B6 or (ii) fax to (604) 642-6577, or e-mail [Transcontinentalgold@gmail.com](mailto:Transcontinentalgold@gmail.com). Additional financial information concerning the Corporation may be obtained by any shareholder free of charge by contacting the Corporation at (604) 694-6539.

DATED at Vancouver, British Columbia this 31<sup>st</sup> day of May, 2021.

### **BY ORDER OF THE BOARD**

/s/ "Wenhong Jin"  
President & CEO

**Schedule “A”  
to Information Circular of Transcontinental Gold Corp.**

**AUDIT COMMITTEE CHARTER**

**1. Mandate**

The audit committee will assist the board of directors (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 committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company’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.

**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 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;

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(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.

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#### 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; or

(ii) 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 company regarding accounting, internal accounting controls, or auditing matters;

(b) establish procedures for the confidential, anonymous submission by employees of the company 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.

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4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about 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 fulfilment 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;

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(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, 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 financials statements are consistent with changes in the company'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 company's counsel, any legal matters that could have a significant impact on the company's financial statements.

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**APPENDIX 1 to Schedule A  
To Audit Committee Charter**

**Meaning of “Independence”**

- (1) A member of the audit committee is independent if the member has no direct or indirect material relationship with the Corporation.
- (2) For the purposes of subsection (1), a material relationship means a relationship which could, in the view of the Corporation’s board of directors, reasonably interfere with the exercise of a member’s independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with the Corporation:
  - (a) an individual who is, or has been, an employee or executive officer of the Corporation, unless the prescribed period has elapsed since the end of the service or employment;
  - (b) an individual whose immediate family member is, or has been, an executive officer of the Corporation, unless the prescribed period has elapsed since the end of the service or employment;
  - (c) an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Corporation, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
  - (d) an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the Corporation, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
  - (e) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Corporation's current executive officers serve on the entity's compensation committee, unless the prescribed period has elapsed since the end of the service or employment;
  - (f) an individual who
    - (i) has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
    - (ii) receives, or whose immediate family member receives, more than \$75,000 per year in direct compensation from the Corporation, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee, unless the prescribed period has elapsed since he or she ceased to receive more than \$75,000 per year in such compensation.
  - (g) an individual who is an affiliated entity of the Corporation or any of its subsidiary entities.

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- (4) For the purposes of subsection (3), the prescribed period is the shorter of
    - (a) the period commencing on March 30, 2004 and ending immediately prior to the determination required by subsection (3); and
    - (b) the three year period ending immediately prior to the determination required by subsection (3).
  - (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way on continued service.
  - (6) For the purposes of clause (3)(f), compensatory fees and direct compensation do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.
  - (7) For the purposes of subclause 3(f)(i), the indirect acceptance by a person of any consulting, advisory or other compensatory fee includes acceptance of a fee by
    - (a) a person's spouse, minor child or stepchild, or a child or stepchild who shares the person's home; or
    - (b) an entity in which such person is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation.
  - (8) Despite subsection (3), a person will not be considered to have a material relationship with the Corporation solely because he or she
    - (a) has previously acted as an interim chief executive officer of the Corporation, or
    - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or any board committee, other than on a full-time basis.

### **Meaning of “Financial Literacy”**

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 Corporation's financial statements.