

# XIB I CAPITAL CORP.

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the “Meeting”) of shareholders of XIB I Capital Corp. (the “Company”) will be held at 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3 at 10:00 a.m. (Vancouver time) on Monday, November 30, 2020 for the following purposes:

1. To receive the audited financial statements of the Company for the financial year ended December 31, 2019 and accompanying report of the auditor;
2. To appoint Davidson & Company LLP, Chartered Accountants, as the auditor of the Company for the ensuing year at a remuneration to be fixed by the directors;
3. To set the number of directors of the Company at three (3) and elect the directors of the Company to serve until the next annual general meeting of the Shareholders or until their successors are duly elected or appointed;
4. To set, conditional upon, and effective as of the completion of the Company’s proposed transaction with Mayur Resources Limited whereby the Company will, among other things, acquire all of the shares of MR Exploration PNG Pte Ltd. in exchange for common shares of the Company (the “Qualifying Transaction”) as more particularly set forth in the accompanying management information circular (“Information Circular”), the number of directors of the Company at five (5) by ordinary resolution, with the full text of the resolution set forth in Information Circular, and to elect, conditional upon, and effective as of the completion of the Qualifying Transaction, as directors of the Company, Frank Terranova, Rod Watt, Sinton Spence, Tim Crossley, and Frederic Leigh Jr.;
5. To consider and, if deemed appropriate, to pass, with or without variation, a special resolution, as more particularly set forth in the Information Circular, authorizing the consolidation of the common shares of the Company on the basis of one (1) post-consolidation common share for every 2.62 pre-consolidation common shares held, conditional upon the completion of the Qualifying Transaction, with the full text of the resolution set forth in Information Circular;
6. To consider and, if deemed appropriate, to pass, with or without variation, a special resolution approving an amendment to the notice of articles and articles of the Company to change its name from “XIB I Capital Corp.” to “Alyton Resources Limited” or such other similar name as may be determined by the board of directors of the Company, conditional upon the completion of the Qualifying Transaction, with the full text of the resolution set forth in Information Circular;
7. To consider and, if deemed appropriate, to pass, with or without variation, a resolution approving a stock option plan of the Company, conditional upon the completion of the Qualifying Transaction, with the full text of the resolution set forth in Information Circular; and
8. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to and expressly made a part of this Notice of Meeting.

**In light of the ongoing public health concerns related to the COVID-19 outbreak and in order to comply with the measures imposed by the federal and provincial governments, the Company is requesting all shareholders and others not to attend the Meeting in person. Shareholders are strongly urged to vote on the matters before the Meeting by completing a proxy or the materials provided by their Intermediary (as defined below), as applicable. The Company may take additional precautionary measures in relation to the Meeting in response to further developments in the COVID-19 outbreak.**

Consequently, if you are a registered shareholder of the Company, please complete, date and sign the accompanying form of proxy and deposit it with Odyssey Trust Company, the Company's transfer agent, no later than 10:00 am (Vancouver time) on Thursday, November 26, 2020 at its Vancouver office, 323 - 409 Granville Street, Vancouver, British Columbia V6C 1T2, or over the internet in the manner indicated on the proxy, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time that the Meeting is to be reconvened after any adjournment of the Meeting.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the "Intermediary"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, October 29, 2020.

**XIB I CAPITAL CORP.**

*"Fred Leigh Jr. "*

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FRED LEIGH JR.

Director



**XIB I CAPITAL CORP.**

**MANAGEMENT INFORMATION CIRCULAR  
AS AT AND DATED OCTOBER 29, 2020**

**FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON NOVEMBER 30, 2020**

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**SOLICITATION OF PROXIES**

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of XIB I Capital Corp. (the “Company”) for use at the Annual General and Special Meeting of the holders of the common shares of the Company (the “Common Shares”) to be held on November 30, 2020 (the “Meeting”) at the time and place and for the purposes set out in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company.

All costs of this solicitation will be borne by the Company.

**In light of the ongoing public health concerns related to the COVID-19 outbreak and in order to comply with the measures imposed by the federal and provincial governments, the Company is requesting all shareholders and others not to attend the Meeting in person. Shareholders are strongly urged to vote on the matters before the Meeting by completing a proxy or the materials provided by their Intermediary (as defined below), as applicable. The Company may take additional precautionary measures in relation to the Meeting in response to further developments in the COVID-19 outbreak.**

**PROXY INSTRUCTIONS**

Shareholders who do not attend the Meeting in person may vote by proxy if the shareholder is a registered shareholder, either by mail or over the internet. Proxies must be received by Odyssey Trust Company, the Company’s transfer agent, (“Odyssey”) not later than 10:00 am (Vancouver time) on Thursday, November 26, 2020 at its Vancouver office, 323-409 Granville Street, Vancouver BC V6C 1T2 if by mail, or over the internet as directed on the proxy.

A Proxy returned to Odyssey will not be valid unless dated and signed by the shareholder or by the shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation or association, the form of Proxy must be executed by an officer or by an attorney duly authorized in writing. If the form of Proxy is executed by an attorney for an individual shareholder or by an attorney of a shareholder that is a corporation or association, the instrument so empowering the attorney, as the case may be, or a notarial copy thereof, must accompany the form of Proxy. If not dated, the Proxy will be deemed to have been dated the date that it is mailed to shareholders.

The securities represented by Proxy will be voted or withheld from voting 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 securities will be voted accordingly. The form of Proxy confers discretionary authority upon the named proxyholder with respect to matters identified in the accompanying Notice of Meeting. If a choice with respect to such matters is not specified, it is intended that the person designated by management in the form of Proxy will vote the securities represented by the Proxy **in favour of** each matter identified in the proxy and for the nominees of management for directors and auditor.

The Proxy confers discretionary authority upon the named proxyholder with respect to amendments to or variations in matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Meeting. As at the date of this Circular, management is not aware of any amendments, variations, or other matters. If such should occur, the persons designated by management will vote thereon in accordance with their best judgment, exercising discretionary authority.

### **APPOINTMENT OF PROXYHOLDER**

A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for such shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy. If you are returning your Proxy to Odyssey, such right may be exercised by inserting in the blank space provided in the enclosed form of Proxy the name of the person to be designated or by completing another proper form of Proxy and delivering it to Odyssey as provided above, or to the Chairman of the Meeting.

### **REVOCATION OF PROXIES**

Proxies given by shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the shareholder or by such shareholder's attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:
  - (i) at the registered office, Suite 2900 – 550 Burrard Street, Vancouver, BC, V6C 0A3, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof; or
- (b) in any other manner permitted by law.

Only registered shareholders have the right to revoke a Proxy. Non-registered shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact their Intermediary to arrange to change their voting instructions.

### **SPECIAL INSTRUCTIONS FOR VOTING BY NON-REGISTERED SHAREHOLDERS**

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Some shareholders of the Company 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 Shareholder**”) but which are registered in the name of an intermediary (the “**Intermediary**”) that the Non-Registered Shareholder 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, RRIFs, RESPs and similar plans; or in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

There are two kinds of Non-Registered Shareholders - those who object to their name being made known to the Company (called OBOs for “**Objecting Beneficial Owners**”) and those who do not object to the Company knowing who they are (called NOBOs for “**Non-Objecting Beneficial Owners**”).

The Company is not sending proxy-related materials directly to NOBOs. The Company has distributed materials for the Meeting to Intermediaries for distribution to Non-Registered Shareholders. Typically, Intermediaries will use a service company, such as Broadridge Financial Solutions, Inc., to forward meeting materials to Non-Registered Shareholders. Non-Registered Shareholders who have not waived the right to receive meeting materials will also receive either a voting instruction form (“**VIF**”) or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Shareholders to direct the voting of the shares they beneficially own.

Each Intermediary will have its own procedures to permit voting of shares held on behalf of Non-Registered Shareholders, including requirements as to when and where proxies or VIFs are to be delivered. If you are a Non-Registered Shareholder, you should carefully follow the instructions provided by your Intermediary to ensure your shares are voted at the Meeting.

**If you are a Non-Registered Shareholder and wish to vote in person at the Meeting, change voting instructions given by you to your Intermediary, or revoke voting instructions given by you to your**



**Intermediary, follow the instructions given by your Intermediary or contact your Intermediary to discuss what procedure to follow.**

If an Intermediary who is the registered holder of or holds a proxy in respect of securities owned by you, receives your proper instructions to vote in person (or have another person attend and vote on behalf of you), such Intermediary is required under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) to arrange, without expense to you, to appoint you as a Non-Registered Shareholder or your nominee, as proxyholder in respect of your shares. Under NI 54-101, unless corporate law does not allow it, if the Intermediary makes an appointment in this manner, you or your nominee, as applicable, must be given authority to attend, vote and otherwise act for and on behalf of the Intermediary (who is the registered shareholder) in respect of all matters that come before the Meeting and any adjournment or postponement of the Meeting. An Intermediary who receives such instructions at least one business day before the deadline for submission of proxies is required to deposit the proxy within that deadline, in order to appoint you, the Non-Registered Shareholder, or your nominee, as proxyholder. **If you request that the Intermediary appoint you or your nominee as proxyholder, you or your appointed nominee, as applicable, will need to attend the Meeting in person in order for your vote to be counted.**

The Company will not pay for an Intermediary to deliver proxy related materials and voting instruction forms to OBOs. If you are a Non-Registered Shareholder who is an OBO, you will not receive the materials unless your Intermediary assumes the costs of delivery.

**The Company is not relying on the “notice-and-access” delivery procedures outlined in National Instrument 54-101 to distribute copies of the proxy related materials in connection with the Meeting.**

**In light of the ongoing public health concerns related to the COVID-19 outbreak, the Company strongly discourages voting in person at the Meeting. Should a Non-Registered Shareholder nevertheless wish to vote at the Meeting in person, the Non-Registered Holder should carefully follow the instructions of their Intermediary.**

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As at the date of this Circular, 13,100,000 Common Shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting. October 26, 2020 has been fixed by the directors of the Company as the record date for the purpose of determining those shareholders entitled to receive notice of and to vote at the Meeting. Under the Company’s articles, the quorum for the transaction of business at the Meeting consists of two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

On September 9, 2020, trading in the Common Shares on the TSX-V was halted in connection with the Company’s proposed Qualifying Transaction, as described below under “Business of the Meeting”.

To the knowledge of the directors and officers of the Company, no one shareholder owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

### **BUSINESS OF THE MEETING**

#### **FINANCIAL STATEMENTS**

The financial statements for the fiscal year ended December 31, 2019 are being presented at the Meeting. These documents are also available on SEDAR under the Company’s profile at [www.sedar.com](http://www.sedar.com).

#### **APPOINTMENT OF AUDITORS**

In accordance with the recommendations of the Company’s Audit Committee, the board of directors of the Company (the “**Board**”) recommends that shareholders vote for the reappointment of Davidson & Company LLP, Chartered Accountants as the Company’s auditors to hold office until the next annual general meeting of



shareholders, at remuneration to be determined by the Board. Davidson & Company LLP was first appointed as the Company's auditor on May 24, 2018.

## BACKGROUND: PROPOSED QUALIFYING TRANSACTION

The Company has entered into an arm's length binding letter of intent dated September 4, 2020 with Mayur Resources Limited ("**Mayur**") to complete a business combination transaction which will result in the Company acquiring all of the shares of MR Exploration PNG Pte Ltd. ("**MRE**") from Mayur and the other shareholders of MRE (the "**MRE Shareholders**") and all of the shares of Adyton Resources Finance Company Ltd. ("**Adyton Financeco**") from the shareholders of Adyton Financeco (the "**Adyton Financeco Shareholders**") in return for Common Shares, which is expected to constitute the Company's Qualifying Transaction under TSX Venture Exchange (the "**TSX-V**") Policy 2.4 *Capital Pool Companies* (the "**Qualifying Transaction**"), subject to certain conditions, including entering into a definitive agreement, and applicable shareholder, director and TSX-V approvals. The resulting issuer from the Qualifying Transaction (the "**Resulting Issuer**") will hold all of the assets and continue the business of MRE. Subject to the negotiation and execution thereof, a copy of the executed definitive agreement will be filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Through its wholly-owned subsidiary, Mayur Exploration PNG Limited ("**MRE Subco**"), MRE holds certain gold and copper exploration properties in Papua New Guinea. In addition, MRE has entered into a share sale agreement with the shareholders of Ballygowan Limited ("**Ballygowan**") and Pacific Arc Aurum (Niugini) Limited ("**Pacific Arc**") to acquire all of the securities of Ballygowan and Pacific Arc in return for MRE Shares (the "**Acquisitions**"). Ballygowan and Pacific Arc hold certain additional gold and copper exploration and development properties in Papua New Guinea. As part of, and as a condition to the completion of, the Qualifying Transaction, MRE will complete the Acquisitions, such that when the Company acquires MRE, MRE will own MRE Subco, Ballygowan and Pacific Arc and, through them, hold their gold and copper exploration properties in Papua New Guinea.

Prior to the completion of the Qualifying Transaction, it is expected that Adyton Financeco will complete two equity offerings, as follows (such that when the Company acquires Adyton Financeco, Adyton Financeco will hold the proceeds from such offerings):

- An initial seed financing involving the non-brokered private placement of a maximum of 13,333,334 subscription receipts at a price of \$0.15 per subscription receipt for gross proceeds of a maximum of \$2,000,000 (the "**Seed Financing**"). The gross proceeds from the Seed Financing will be placed in escrow pending the satisfaction of all conditions precedent to the completion of the Qualifying Transaction, upon which the escrowed proceeds will be released to Adyton Financeco, each of the subscription receipts will convert into one common share in the capital of Adyton Financeco, and each such share of Adyton Financeco will be exchanged for one Common Share on a post-Consolidation basis under the Qualifying Transaction.
- A subsequent concurrent financing involving the brokered private placement of a minimum of 16,666,667 subscription receipts at a price of \$0.30 per subscription receipt for gross proceeds of a minimum of \$5,000,000 (the "**Concurrent Financing**"). The gross proceeds from the concurrent financing (less a portion of the agents' fees and expenses) will be placed in escrow pending the satisfaction of all conditions precedent to the completion of the Qualifying Transaction, upon which the escrowed proceeds will be released to Adyton Financeco, each of the subscription receipts will convert into one common share in the capital of Adyton Financeco, and each such share of Adyton Financeco will be exchanged for one Common Share on a post-Consolidation basis under the Qualifying Transaction.

Prior to the completion of the Qualifying Transaction, it is also expected that a pre-seed financing (the "**Pre-Seed Financing**") and together with the Seed Financing and the Concurrent Financing, the "**Financings**") will be completed by a new single purpose Canadian corporation (the "**Pre-Seed Financeco**") to be incorporated for the purposes of conducting such financing, involving the non-brokered private placement of a maximum of 6,000,000 subscription receipts at a price of \$0.02 per subscription receipt for gross proceeds of a maximum of \$120,000. The gross proceeds from the pre-seed financing will be placed in escrow pending the satisfaction of all conditions precedent to the completion of the Qualifying Transaction, upon which the escrowed proceeds will be released to Pre-Seed Financeco, each of the subscription receipts will convert into one common share in the capital of Pre-Seed



Financeco, and each such share of Pre-Seed Financeco will be exchanged for one Common Share on a post-Consolidation basis under the Qualifying Transaction.

For additional information in respect of the Qualifying Transaction and the Financings, please see the press release of the Company dated September 14, 2020, which has been filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

In connection with, and as a condition to, the completion of the Qualifying Transaction, the Company intends to:

- (a) in addition to electing three directors to serve until the next annual general meeting of the shareholders in the ordinary course, conditional upon and effective as of the completion of the Qualifying Transaction, increase the number of directors of the Company to five and elect as directors of the Company as the Resulting Issuer, Frank Terranova, Rod Watt, Sinton Spence, Tim Crossley, and Frederic Leigh Jr. (the “**Resulting Issuer Directors**”);
- (b) complete the Consolidation (as defined below) of the Company's Common Shares for the Resulting Issuer on the basis of one (1) post-consolidation Common Share for every 2.62 pre-consolidation Common Shares held;
- (c) change the Company's name for the Resulting Issuer to “Adyton Resources Corp.” or such other name as the directors may determine in their discretion and acceptable to the TSX-V (the “**Name Change**”); and
- (d) adopt a stock option plan for the Company as the Resulting Issuer (the “**Option Plan**”).

In addition to the election of the Resulting Issuer Directors upon completion of the Qualifying Transaction, if the Qualifying Transaction is completed, it is expected that the Resulting Issuer Directors may appoint an additional director on or following the completion of the transaction, subject to the Articles of the Company.

Upon completion of the Consolidation, the number of post-Consolidation Common Shares issued and outstanding, without giving effect to the Qualifying Transaction or the Financings, is expected to be approximately 5,000,000 Common Shares (on a non-diluted basis). In connection with the completion of the Qualifying Transaction, it is expected that 71,666,666 post-Consolidation Common Shares will be issued to the MRE Shareholders, and a minimum of 36,000,001 post-consolidated Common Shares will be issued to the various investors under the Financings (assuming the Financings are completed as contemplated above). The number of Common Shares issued and outstanding after giving effect to the Qualifying Transaction and the Financings therefore is expected to be approximately 112,666,667 post-consolidated Common Shares (assuming the Financings are completed as contemplated above), before the exercise of any warrants, or agent's options, including those outstanding in connection with the Financings.

**SHAREHOLDER APPROVAL IS NOT REQUIRED FOR THE QUALIFYING TRANSACTION OR THE FINANCINGS AND, AS SUCH, SHAREHOLDERS ARE NOT BEING ASKED TO APPROVE THE QUALIFYING TRANSACTION OR THE FINANCINGS.** However, the Qualifying Transaction is very important to the Company, and the election of the Resulting Issuer Directors, the Consolidation and the Name Change to be considered at the Meeting are necessary in order to prepare the Company to complete the Qualifying Transaction. Full details regarding MRE and the Qualifying Transaction will be disclosed in the filing statement (the “Filing Statement”) to be filed by the Company in connection with the Qualifying Transaction. The Filing Statement will be filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and will be provided to shareholders free of charge upon request.

The election of the Resulting Issuer Directors, the Consolidation, and the Name Change sought to be approved by the shareholders at the Meeting are conditions, obligations and/or covenants to the Qualifying Transaction and are therefore necessary to the completion of the Qualifying Transaction.

## ELECTION OF DIRECTORS

The Board is presently comprised of three directors, namely Michael Young, Fabian Monaco and Frederic Leigh Jr. (the “**XIB Directors**”). All of the nominees are currently directors of the Company and have been directors since the dates indicated in the following table.

The term of office of each of the present directors expires at the Meeting. At the Meeting, shareholders of the Company will be asked to fix the number of directors of the Company at three (3) and to elect the XIB Directors as directors of the Company. Each director elected will hold office until the next annual general meeting of the Company or until the successors of such directors are elected or appointed, unless that person ceases to be a director before then, including in connection with the completion of the Qualifying Transaction or otherwise. As set out below, it is contemplated that each of the XIB Directors, other than Frederic Leigh Jr., will resign and will be replaced by the Resulting Issuer Directors upon completion of the Qualifying Transaction.

The enclosed form of proxy permits shareholders of the Company to vote for each nominee on an individual basis. In the absence of instructions to the contrary, the shares represented by Proxy will, on a poll, be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

In the following table and notes thereto is stated the name of each proposed director, the province or state and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company, and the number of Common Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as of the date of this Circular:

| Name, Province/State and Country of Residence and Present Offices Held    | Date Elected or Appointed | Principal Occupation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Number of Shares <sup>1</sup> |
|---------------------------------------------------------------------------|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| MICHAEL YOUNG <sup>3</sup><br>Palm Beach, Florida, USA<br><i>Director</i> | March 8, 2018             | <ul style="list-style-type: none"> <li>• Director of the Corporation from March 2018 to present.</li> <li>• Founding Partner of Cottingham Capital LLC (“<b>Cottingham Capital</b>”) from January 2017 to present. Cottingham Capital is an investment company that invests in securities and real estate.</li> <li>• Board member at Eve &amp; Co Incorporated (formerly Carlaw Capital V Corp.) (“<b>Eve</b>”) from June 2018 to present. Eve is a female-led cannabis producer that operates in Ontario.</li> <li>• Managing Director and Co-Head of Global Securities at GMP Capital Inc. (“<b>GMP</b>”) from March 2016 to January 2017. GMP is a Canadian investment bank and still operates today.</li> <li>• Managing Director and Head of USA Equities at GMP from June 2011 to March 2016.</li> </ul> | 1,000,000                     |
| FABIAN MONACO <sup>3</sup><br>Toronto, Ontario<br><i>Director</i>         | March 8, 2018             | <ul style="list-style-type: none"> <li>• Director of the Corporation from March 2018 to present.</li> <li>• Since April 2020, a self employed capital markets advisory consultant.</li> <li>• Director of Investment Banking at XIB Financial Inc. (“<b>XIB</b>”) from September</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 250,000                       |



| Name, Province/State and Country of Residence and Present Offices Held | Date Elected or Appointed | Principal Occupation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Number of Shares <sup>1</sup> |
|------------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
|                                                                        |                           | <p>2017 to April 2020. XIB is a boutique capital markets consulting and advisory firm based in Toronto, Ontario.</p> <ul style="list-style-type: none"> <li>• Associate in Diversified Industries coverage group at GMP from June 2015 to September 2017.</li> <li>• Associate in over-the-counter derivatives regulatory reform at Scotiabank Global Banking and Markets from September 2013 to May 2015. Scotiabank Global Banking and Markets is Scotiabank capital markets division and still operates today.</li> <li>• Lawyer in Securities law at Dentons Canada LLP (“<b>Dentons</b>”) from August 2012 to September 2013. Dentons is an international law firm that still operates today.</li> </ul>                                     |                               |
| FREDERIC LEIGH JR. <sup>3</sup><br>Alberta, Canada<br><i>Director</i>  | March 8, 2018             | <ul style="list-style-type: none"> <li>• Director of the Corporation from March 2018 to present.</li> <li>• Owner of Siwash Corporate Services Inc. (“<b>Siwash</b>”) from September 2015 to present. The principal business of Siwash is providing corporate services for publicly traded companies.</li> <li>• Vice President, Investor Relations of Kin Communications from September 2013 to September 2015. The principal business of Kin Communications is providing investor relations services to publicly traded companies, which still operates today.</li> <li>• Investor Relations of Ethos Gold Corp. from September 2011 to September 2013. Ethos Gold Corp. is a mineral exploration company that still operates today.</li> </ul> | 1,000,000 <sup>2</sup>        |

Notes:

1. Information as to voting shares beneficially owned, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective nominees individually. The number of Common Shares indicated is on a pre-Consolidation basis.
2. These Common Shares are held by Siwash Corporate Services Inc., in which Frederic Leigh Jr. has a controlling interest.
3. Member of Audit Committee.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company, other than as set out in this Circular.

**Management recommends the approval of each of the nominees listed above for election as directors of the Company.**

**Election of Resulting Issuer Directors**

At the Meeting, shareholders of the Company will be asked to fix, conditional upon, and effective as of the completion of the Qualifying Transaction, the number of directors of the Company at five (5), and to elect, conditional upon and effective as of the completion of the Qualifying Transaction, the directors of the Company to

hold offices until the next annual meeting of the Company's shareholders or until the successors of such directors are elected or appointed. If the Qualifying Transaction is completed, it will be desirable to increase the size of the Board of the Resulting Issuer (the "**Resulting Issuer Board**") from three (3) directors to five (5) directors and to elect five (5) members, being the Resulting Issuer Directors, to the expanded Resulting Issuer Board, with the Resulting Issuer Directors to take office upon completion of the Qualifying Transaction. At the time of the Meeting, the Qualifying Transaction will not yet have been completed.

It is proposed that the Resulting Issuer Directors, consisting of Frank Terranova, Rod Watt, Sinton Spence, Tim Crossley, and Frederic Leigh Jr., a current director of the Company, will succeed the XIB Directors upon completion of the Qualifying Transaction. The Company's shareholders will be able to vote in favour of, or withhold from voting, separately for each of the Resulting Issuer Directors. If elected, such nominees will take office upon the completion of the Qualifying Transaction. Immediately upon completion of the Qualifying Transaction, and assuming the election of the aforementioned directors, each of the XIB Directors, other than Frederic Leigh Jr., will resign as directors of the Company. If the Qualifying Transaction is not completed, the XIB Directors will remain as directors of the Company and the number of directors shall remain at three (3).

In addition to the election of the Resulting Issuer Directors upon completion of the Qualifying Transaction, if the Qualifying Transaction is completed, it is expected that the Resulting Issuer Directors may appoint an additional director on or following the completion of the transaction, subject to the Articles of the Company.

Management does not contemplate that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason before the Meeting, the management representatives designated in the form of proxy (or voting instruction form, as applicable) reserve the right to vote for another nominee at their discretion. Each Resulting Issuer Director elected will hold office from and after the completion of the Qualifying Transaction until the Company's next annual meeting or until his successor is elected or appointed. It is expected that the XIB Directors will resign from the Board with effect as of the completion of the Qualifying Transaction.

The following table sets forth certain information regarding each of the proposed Resulting Issuer Directors, including the names of the proposed directors of the Company, their municipalities of residence, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company, and the number of Common Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as of the date of this Circular:

| <b>Name, Province/State and Country of Residence and Present Position Held</b> | <b>Date Elected or Appointed</b> | <b>Principal Occupation</b>                                                                                                                                                                                                                                                   | <b>Number of Shares<sup>1</sup></b> |
|--------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| FRANK TERRANOVA<br>Queensland, Australia<br><i>Director Nominee</i>            | N/A                              | <ul style="list-style-type: none"> <li>• Business consultant focused on finance and investment activities and corporate director.</li> <li>• Previously Executive Chairman of AuStar Gold Ltd. and before that various executive positions in the mining industry.</li> </ul> | Nil.                                |
| ROD WATT<br>Queensland, Australia<br><i>Director Nominee</i>                   | N/A                              | <ul style="list-style-type: none"> <li>• General Manager - Exploration of Mayur Resources Limited since August 2019.</li> <li>• Prior to this, Exploration Manager / Country Manager with Anglo American in Papua New Guinea, Indonesia and the Philippines.</li> </ul>       | Nil.                                |



| <b>Name, Province/State and Country of Residence and Present Position Held</b>         | <b>Date Elected or Appointed</b> | <b>Principal Occupation</b>                                                                                                                                                                                                                            | <b>Number of Shares<sup>1</sup></b> |
|----------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| SINTON SPENCE <sup>2</sup><br>Port Moseby, Papua New Guinea<br><i>Director Nominee</i> | N/A                              | <ul style="list-style-type: none"> <li>Chartered Accountant; Principal of Sinton Spence Chartered Accountants.</li> </ul>                                                                                                                              | Nil. <sup>3</sup>                   |
| TIMOTHY CROSSLEY <sup>2</sup><br>Queensland, Australia<br><i>Director Nominee</i>      | N/A                              | <ul style="list-style-type: none"> <li>Executive Director of Mayur Resources Ltd. since 2017.</li> <li>Previously was Executive Chairman of Trans-Tasman Resources Ltd. and before that various executive positions in the mining industry.</li> </ul> | Nil.                                |
| FREDERIC LEIGH JR. <sup>2</sup><br>Alberta, Canada<br><i>Director</i>                  | March 8, 2018                    | <ul style="list-style-type: none"> <li>Director of the Corporation from March 2018 to present.</li> <li>Principal occupation provided above.</li> </ul>                                                                                                | 1,000,000 <sup>4</sup>              |

Notes:

- Information as to voting shares beneficially owned, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective nominees individually. The nominees may acquire shares of the Company through participation by the nominees in the Concurrent Financing, which has not yet been determined, and accordingly may hold Common Shares upon completion of the Qualifying Transaction. The number of Common Shares indicated is on a pre-Consolidation basis.
- Proposed Members of Audit Committee following completion of the Qualifying Transaction.
- It is expected that Mr. Spence will own 6,198,646 common shares of the Company (assuming the completion of the Consolidation) upon completion of the Qualifying Transaction based on the number of shares in Ballygowan and Pacific Arc which are currently owned by Mr. Spence. This does not include any voting shares which may be acquired through any participation by Mr. Spence in the Concurrent Financing, which has not yet been determined.
- These Common Shares are held by Siwash Corporate Services Inc., in which Frederic Leigh Jr. has a controlling interest.

Below is additional information on the new proposed directors:

Mr. Terranova has extensive experience as a director and executive for a diverse range of resource companies across various global jurisdictions having generated substantial value for shareholders through organically growing companies and successful M&A transactions. Mr. Terranova is the former Executive Chairman of AuStar Gold Ltd. and before that was the Managing Director of Allied Gold PLC, which successfully developed and operated gold mines in Papua New Guinea and Solomon Islands. Prior to that, he was the Managing Director of Polymetals Mining Limited and led its transformation through a merger with Southern Cross Goldfields Limited in 2013 and oversaw the combined group's recapitalisation program. Mr. Terranova is a Chartered Accountant in Australia.

Mr. Watt is a highly experienced geologist and resources executive with over 30 years' experience in both major and junior resource companies. He has demonstrated success in managing complex multi-commodity exploration / development projects across South East Asia and Australia. Mr. Watt is currently employed as General Manager - Exploration with Mayur, a position he has held since August 2019. Prior to this, he spent 10 years working with Anglo American holding the roles of Exploration / Country Manager working in Papua New Guinea, Indonesia and the Philippines. Prior to joining Anglo American, he spent a number of years working in the junior resource sector and before this 17 years with Western Mining Corp (WMC) working in operating mines, projects and mineral exploration where he last held the position of Chief Geologist / Site Manager. In addition to being a qualified geologist from Aberdeen University, Mr. Watt has a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia and, has held a continuous membership of the Australian Institute of Mining and Metallurgy (AusIMM) since 1990.

Mr. Spence is a Chartered Accountant based in Port Moresby, Papua New Guinea, and the Principal of Sinton Spence Chartered Accountants, Papua New Guinea's largest independent accounting firm. In 2006, he was awarded an MBE by the Queen for services to Papua New Guinea commerce and the community. He has had extensive experience in company practice in Papua New Guinea and is an experienced company director. He has held positions as a director of Sierra Mining and also Shell Oil Exploration and Production PNG Ltd.

Mr. Crossley has extensive experience as a director and mining executive, having operated some of Australia's largest mining businesses including roles as Deputy CEO of ASX-listed Gloucester Coal Ltd., and President and Chief Operating Officer at BHP Billiton's West Australian Iron Ore business. Mr. Crossley also held the position of Executive General Manager of carbon steel materials for Gina Rinehart's Hancock Prospecting Pty Ltd.'s Roy Hill project. Mr. Crossley has also held senior roles in BHP's manganese business and metallurgical coal business and was a director in ASX-listed VDM Group. Mr. Crossley is also a former President of the Northern Territory Minerals Council and Executive Chairman of Trans-Tasman Resources Ltd.

Therefore, at the Meeting, shareholders will be asked to approve an ordinary resolution substantially in the following form (the "**Election Resolution**"):

**"BE IT HEREBY RESOLVED** as an ordinary resolution of the Company that:

1. Conditional upon, and effective as of the completion of the Qualifying Transaction, the number of directors of the Company be fixed at five (5).
2. Any officer or director of the Company is, and the agents of the Company are, hereby authorized and directed for and on behalf of the Company to execute and deliver, under corporate seal of the Company or otherwise, and all such other documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the above resolutions.
3. Notwithstanding that this resolution has been passed by the shareholders of the Company, the board of directors be and are hereby authorized and empowered, without further approval of the shareholders of the Company, to revoke this resolution at any time before the such resolution becomes effective."

In order to pass the Election Resolution, a simple majority of the votes cast at the Meeting must be voted in favour of such resolution. In addition, the Company's shareholders will be asked to vote in favour of, or withhold from voting, the election, conditional upon, and effective as of the completion of the Qualifying Transaction, of each of the Resulting Issuer Directors separately, being Frank Terranova, Rod Watt, Sinton Spence, Tim Crossley, and Frederic Leigh Jr. If the Election Resolution does not receive the requisite shareholder approval, the Company will continue with the directors elected at the Meeting and the Qualifying Transaction may not complete.

**Management recommends the approval of setting the number of directors of the Company at five (5) and of each of the nominees listed above for election as directors to the Resulting Issuer Board, all to be conditional upon the completion of the Qualifying Transaction.** In the event that the Qualifying Transaction is not completed, the election of the Resulting Issuer Directors will not be completed.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No proposed director is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

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

For the purposes hereof, the term "order" means:



- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) 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.

No proposed director:

- (a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while such person was acting in such 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
- (b) has, within 10 years before the date of this 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 has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

## SHARE CONSOLIDATION

At the Meeting, shareholders will be asked to consider and, if thought appropriate, to pass a special resolution authorizing the Board to effect a share consolidation on a basis of one (1) post-Consolidation Common Share for every 2.62 pre-Consolidation Common Shares then issued or authorized, or such other ratio as the Board may determine pursuant to the terms of the Qualifying Transaction.

**As the Consolidation will only be effected if the Qualifying Transaction will be proceeding, the Board of Directors may determine not to implement the Consolidation after the Meeting and after receipt of necessary shareholder and regulatory approvals, without further action on the part of the shareholders. The articles of the Company require a special resolution of the shareholders to approve the Consolidation. In addition, the Consolidation is subject to the approval and acceptance of the TSX-V.**

If approved and implemented, the Consolidation will occur immediately before the closing of the Qualifying Transaction in respect of all of the Company's Common Shares, and the consolidation ratio will be the same for all of such shares then outstanding. In the event that the Consolidation would otherwise result in a shareholder holding a fraction of a Common Share, such fractional share, if less than one-half, shall be rounded down to zero and, if equal to or greater than one-half, shall be rounded up to one and added to the number of Common Shares which the shareholder is entitled to receive. The principal effects of the Consolidation will be that:

- (a) the number of Common Shares of the Company issued and outstanding will be reduced from 13,100,000 Common Shares (as of the date hereof) to approximately 5,000,000 Common Shares (based on a 2.62 pre consolidation Common Shares for each 1 post-consolidation consolidation ratio) or such other number based on the consolidation ratio determined by the Board pursuant to the Qualifying Transaction; and

- (b) the exercise price and/or the number of Common Shares of the Company issuable under any of the Company's outstanding convertible or other similar securities, if applicable, will be proportionately adjusted upon the Consolidation based on the consolidation ratio.

If approval of the shareholders and the TSX-V is obtained, the Consolidation will take place in connection with the completion of the Qualifying Transaction. However, notwithstanding the approval by the shareholders, the Board may, in its discretion and without further shareholder action, revoke the Consolidation Resolution (as defined below) and not implement the Consolidation.

In order to pass the special resolution authorizing the Consolidation, at least two-thirds (2/3) of the votes cast at the Meeting must be voted in favour of the resolution. If the resolution authorizing the Consolidation does not receive the requisite shareholder approval, the Company will continue with its present share capital and the Qualifying Transaction may not complete.

Therefore, at the Meeting, shareholders will be asked to approve a special resolution substantially in the following form (the "**Consolidation Resolution**");

**"BE IT HEREBY RESOLVED** as a special resolution of the Company that:

1. The Company is hereby authorized to alter its share structure by consolidating each of the issued and outstanding Common Shares of the Company by exchanging 2.62 Common Shares of the Company, or such lesser or greater amount as the directors of the Company may determine, into one (1) Common Share of the Company, provided that in the event that the consolidation would otherwise result in a shareholder holding a fraction of a Common Share, such fractional share, if less than one-half, shall be rounded down to zero and, if equal to or greater than one-half, shall be rounded up to one and added to the number of Common Shares which the shareholder is entitled to receive (the "**Consolidation**").
2. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver, under corporate seal of the Company or otherwise all documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the above resolutions.
3. Notwithstanding that this resolution has been passed by the shareholders of the Company, the board of directors be and are hereby authorized and empowered, without further approval of the shareholders of the Company, to determine the consolidation ratio or revoke this resolution at any time before the Consolidation becomes effective."

**Management recommends the approval of the Consolidation Resolution.** In the event that the Qualifying Transaction is not completed, the Consolidation will not be completed.

#### **NAME CHANGE**

At the Meeting, shareholders will be asked to consider and, if thought appropriate, to pass a special resolution authorizing the change of the Corporation's name to "Alyton Resources Corp." or such other name as the directors may determine in their discretion and acceptable to the TSX-V, at a time to be determined by the Board pursuant to the terms of the Qualifying Transaction. The purpose is to have a corporate name that better reflects the Corporation's strategy to focus on the existing business of MRE following the completion of the Transaction. If approval of the shareholders and the TSX-V is obtained, the Name Change will take place in connection with the completion of the Qualifying Transaction.

**As the Name Change will only be effected if the Qualifying Transaction will be proceeding, the Board of Directors may determine not to implement the Name Change after the Meeting and after receipt of necessary shareholder and regulatory approvals, without further action on the part of the shareholders. The articles of**



**the Company require a special resolution of the shareholders to approve the Name Change. In addition, the Name Change is subject to the approval and acceptance of the TSX-V.**

In order to pass the special resolution authorizing the Name Change, at least two-thirds (2/3) of the votes cast at the Meeting must be voted in favour of the resolution. If the resolution authorizing the Name Change does not receive the requisite shareholder approval, the Company will continue with its present name and the Qualifying Transaction may not complete.

Therefore, at the Meeting, shareholders will be asked to approve a special resolution substantially in the following form (the “**Name Change Resolution**”):

**“BE IT HEREBY RESOLVED** as a special resolution of the Company that:

1. Effective upon the filing of a Notice of Alteration to a Notice of Articles with the Registrar of Companies, the name of the Company be changed from XIB I Capital Corp. to Adyton Resources Corp. or such other name as the directors may determine in their discretion.
2. The Articles of the Company be altered accordingly.
3. Any officer or director of the Company is, and the agents of the Company are, hereby authorized and directed for and on behalf of the Company to execute and deliver, under corporate seal of the Company or otherwise, all such documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the above resolutions.
4. Notwithstanding that this resolution has been passed by the shareholders of the Company, the board of directors be and are hereby authorized and empowered, without further approval of the shareholders of the Company, to revoke this resolution at any time before the Notice of Articles to be issued by the Registrar of Companies upon receipt of such Notice of Alteration becomes effective.”

**Management recommends the approval of the Name Change Resolution.** In the event that the Qualifying Transaction is not completed, the Name Change will not be completed.

## **STOCK OPTION PLAN**

Upon the completion of the Qualifying Transaction, it is intended that the Company adopt the Option Plan for the Resulting Issuer as required under the policies of the TSX-V and consistent with typical commercial practice. The Option Plan will be a rolling stock option plan that sets the number of Common Shares issuable under the Option Plan at a maximum of 10% of the Common Shares issued and outstanding at the time of any grant under the Option Plan. As noted above, upon completion of the Qualifying Transaction, it is anticipated that the Company will have approximately 112,666,667 post-consolidated Common Shares outstanding (assuming the Financings are completed as contemplated above), which would result in the Company having 11,266,666 Common Shares reserved and available for issuance under the Option Plan upon completion of the Qualifying Transaction.

A detailed summary of the Option Plan is set forth below. The summary contained therein does not purport to be complete and is qualified in its entirety by reference to the Option Plan, a copy of which is attached as Schedule “B” to this Circular.

Approval of the Option Plan is required under the policies of the TSX-V. In addition, the Option Plan is subject to the approval of the TSX-V.

At the Meeting, shareholders will be asked to consider and, if thought appropriate, to pass an ordinary resolution approving the Option Plan to be effective on the Effective Date and subject to the completion of the Qualifying Transaction.

**As the Option Plan will only be implemented if the Qualifying Transaction will be proceeding, the Board of Directors may determine not to implement the Option Plan after the Meeting and after receipt of necessary shareholder and regulatory approvals, without further action on the part of the shareholders. The policies of the TSX-V require an ordinary resolution of the shareholders to approve the Option Plan. In addition, the Option Plan is subject to the approval and acceptance of the TSX-V.**

In order to pass the ordinary resolution approving the Option Plan, a majority of the votes cast at the Meeting must be voted in favour of the resolution. If the resolution approving the Option Plan does not receive the requisite shareholder approval, the Company will not adopt the Option Plan and the Qualifying Transaction may not complete.

Therefore, at the Meeting, shareholders will be asked to approve an ordinary resolution substantially in the following form (the “**Option Plan Resolution**”):

**“BE IT HEREBY RESOLVED**, as an ordinary resolution of the Company that:

1. The Company’s Option Plan is authorized, approved and confirmed.
2. The Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Option Plan, entitling the option holders to purchase up to that number of common shares that is equal to 10% of the issued and outstanding common shares of the Company as at the time of the grant.
3. Any one director or officer of the Company is authorized to amend the Option Plan should such amendments be required by applicable regulatory authorities including, but not limited to, the TSX-V.
4. Any officer or director of the Company is, and the agents of the Company are, hereby authorized and directed for and on behalf of the Company to execute and deliver, under corporate seal of the Company or otherwise, all such documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the above resolutions.”

**Management recommends the approval of the Option Plan Resolution.** In the event that the Qualifying Transaction is not completed, the Option Plan will not be implemented.

### **Summary of the Option Plan**

The Option Plan will be a rolling stock option plan that sets the number of Common Shares issuable under the Option Plan at a maximum of 10% of the Common Shares issued and outstanding at the time of any grant under the Option Plan. As noted above, upon completion of the Qualifying Transaction, it is anticipated that the Company will have approximately 11,266,666 Common Shares reserved and available for issuance under the Option Plan.

The following summary of the Option Plan does not purport to be complete and is qualified in its entirety by reference to the Option Plan, the full text of which is attached as Schedule “B” to this Circular. The description of the material terms of the Option Plan below is intended only to provide a summary of the material terms of the Option Plan. In the event of an inconsistency between the description of the material terms of the Option Plan and the text of the Option Plan, the text of the Option Plan will prevail. Capitalized terms used but not defined in this summary have the meanings given to them in the Option Plan.

The purpose of the Option Plan is to allow the Company to authorize the issue of options to purchase Common Shares (“**Company Options**”) to directors, officers, employees and consultants of Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries as additional compensation, and as an opportunity to participate in the success of Company. The granting of Company Options is intended to align the interests of such persons with that of the Common Shareholders.

The number of Common Shares which may be issued pursuant to options previously granted and those granted under the Option Plan is a maximum of 10% of the issued and outstanding Common Shares at the time of the grant.



In addition, the number of Common Shares which may be issuable under the Option Plan, within a twelve-month period: (i) to any one optionee must not exceed 5% of the issued Common Shares; (ii) to Insiders as a group must not exceed 10% of the issued Common Shares; (iii) to any one consultant must not exceed 2% of the issued Common Shares; or (iv) to all persons who perform Investor Relations Activities must not exceed 2% of the issued Common Shares in the aggregate.

Company Options will be exercisable over periods of up to ten years as determined by the Board. The Board may set the exercise price of Company Options at their discretion so long as the exercise price is no less than the closing market price of the Common Shares prevailing on the day before the Company Option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX-V. Except in the case of Company Options granted to persons performing Investor Relations Activities, the Option Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion. In the case of Company Options granted to persons performing Investor Relations Activities, Company Options will vest in stages over a twelve-month period with 20% vesting on the date of grant and 20% each three months thereafter. The Option Plan provides that if a change of control, as defined therein, occurs, all Common Shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the holder of the Company Option (the “**Company Optionholder**”).

Should a person cease to be eligible under the Option Plan prior to expiry of the term of their respective Company Options, those Company Options will terminate at the earlier of (i) the end of the period of time permitted for exercise of the Company Option or, (ii) the date which is 90 days after the Company Optionholder ceases to be eligible under the Option Plan due to early retirement, voluntary resignation, or termination other than for just cause. If an Company Optionholder providing Investor Relations Activities ceases to provide such Investor Relations Activities to Company, options granted to such Company Optionholder will expire on the earlier of (i) the end of the period of time permitted for exercise of the Company Option or, (ii) the date which is 30 days after such cessation. If such a person ceases to be eligible on account of disability or death, the Company Options terminate on the first anniversary of such cessation, and if it is on account of termination of employment for just cause, the Company Options terminate immediately. The Company Options are also subject to adjustment in the event of a share capital reorganization, certain distributions of securities or other property, or corporate reorganization (including a merger, amalgamation, or statutory plan of arrangement).

#### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purpose of this Circular:

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

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

“**Named Executive Officer**” or “**NEO**” means: (a) a CEO; (b) a CFO; (c) each of the Company’s three most highly compensated executive officers, including any of the Company’s subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the year ended December 31, 2019, the Company had one Named Executive Officer, namely Ted Browne, the CEO and CFO.

*All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.*

## **Compensation Discussion and Analysis**

The Company is a Capital Pool Company (“CPC”) pursuant to the policies of the TSX-V. The Company does not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction.

Pursuant to Policy 2.4 of the TSX-V, and until the Company completes the Qualifying Transaction, as such term is defined in the policies of the TSX-V, no compensation of any kind may be provided to the Company’s directors or officers, directly or indirectly, by any means, including payment of salary. Once the Company completes the Qualifying Transaction, it intends to approve the following principles when considering an executive’s compensation.

The main objective of the Company’s executive compensation program will be to attract, retain, and engage high-quality, high-performance executives who have the experience and ability to successfully execute the Company’s strategy and delivery value to shareholders. The objectives of the Company’s executive compensation program will be as follows: (a) compensate executives competitively for the leadership, skills, knowledge, and experience necessary to perform their duties; (b) align the actions and economic interests of executives with the interests of shareholders; and (c) encourage retention of executives.

The executive’s compensation will typically be comprised of:

- (i) Base Salary or Management fee – to compensate executives for the leadership, skills, knowledge and experience required to perform their duties;
- (ii) Stock Option based Incentive Plan – to retain talented executives, reward them for their anticipated contribution to the long-term successful performance of the Company and align them with the interests of shareholders. The plan currently consists only of incentive stock options; and
- (iii) Bonus – may be awarded at the discretion of the Board based on the milestone or other criteria.

## **Director Compensation**

Currently no director of the Company receives any salary, and no compensation has been awarded to directors of the Company for the year ended December 31, 2019.

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

The Company does not have in place a Stock Option Plan.

## **Director and Named Executive Officer Compensation**

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long-term compensation for services paid to or earned by each NEO and director for the fiscal year ended December 31, 2019.



**Table of Compensation excluding Compensation Securities**

| <b>Name and position</b>       | <b>Year</b> | <b>Salary, consulting fee, retainer or commission (\$)</b> | <b>Bonus (\$)</b> | <b>Committee or meeting fees (\$)</b> | <b>Value of perquisites (\$)</b> | <b>Value of all other compensation (\$)</b> | <b>Total compensation (\$)</b> |
|--------------------------------|-------------|------------------------------------------------------------|-------------------|---------------------------------------|----------------------------------|---------------------------------------------|--------------------------------|
| Ted Browne<br>CEO and CFO      | 2019        | Nil                                                        | Nil               | Nil                                   | Nil                              | Nil                                         | Nil                            |
| Michael Young<br>Director      | 2019        | Nil                                                        | Nil               | Nil                                   | Nil                              | Nil                                         | Nil                            |
| Fabian Monaco<br>Director      | 2019        | Nil                                                        | Nil               | Nil                                   | Nil                              | Nil                                         | Nil                            |
| Frederic Leigh Jr.<br>Director | 2019        | Nil                                                        | Nil               | Nil                                   | Nil                              | Nil                                         | Nil                            |

### **Stock Option Plans and Other Incentive Plans**

The Company does not have in place a Stock Option Plan. The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

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

Except as may otherwise be disclosed in this Circular, there is no contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination, resignation, retirement, a change of control of the Company or a change in a NEOs' responsibilities.

Except as may otherwise be disclosed in this Circular, no management functions of the Company are performed to any substantial degree by a person other than the directors or executive officers of the Company.

### **Pension Plan Benefits**

The Company does not have any pension plans.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS AND INCENTIVE PLAN AWARDS**

The Company does not have in place a Stock Option Plan. The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

As noted above, upon the completion of the Qualifying Transaction, it is intended that the Company adopt the Option Plan for the Resulting Issuer.

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

Other than as disclosed elsewhere in this Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, save and except for those matters pertaining to the election of directors.

Certain of the Resulting Issuer Directors, being Frank Terranova, Rod Watt, Sinton Spence and Tim Crossley, hold different positions as directors, officers and/or shareholders of Mayur, Ballygowan or Pacific Arc, and are nominees of Mayur as directors of the Resulting Issuer. Frederic Leigh Jr. is a current director of the Company and the Company's nominee as director of the Resulting Issuer. As a result, they may have material interests, directly or indirectly, in the proposed Qualifying Transaction and the approval of the Resulting Issuer Directors, the

Consolidation and the Name Change, which are each conditions to the completion of the Qualifying Transaction, and the approval of the Option Plan.

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

At no time during the last completed financial year was any current director, executive officer or employee or any former director, executive officer or employee of the Company, or any proposed nominee for election as a director of the Company:

- (a) indebted to the Company; or
- (b) indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

other than routine indebtedness.

### **CORPORATE GOVERNANCE**

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. National Instrument 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. 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.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

#### **Board of Directors**

The Board facilitates its exercise of independent supervision over Company’s management through frequent meetings of the Board.

The Board is currently composed of three directors, Messrs. Michael Young, Fabian Monaco and Frederic Leigh Jr. All the proposed XIB Director nominees are the current directors of the Company. The proposed Resulting Issuer Director nominees are not current directors of the Company.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The TSX-V requires that each listed company have at least two independent directors. Of the current directors, all of them are considered by the Board to be “independent” within the meaning of NI 58-101.

The Company does not currently have a Chairman of the Board and, given the current size and makeup of the Board, does not consider that a Chairman is necessary. The independent directors are able to exercise their responsibilities for independent oversight of management by virtue of forming a majority of the Board, and will provide leadership through their position on the Board and ability to meet as a group independently of any management directors whenever deemed necessary. The Board will give consideration to appointing an “independent” member as Chairman at such time as it believes that such a position is required.



The mandate of the Board, as prescribed by the British Columbia *Business Corporations Act*, is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its various committees. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies, reviewing and approving significant acquisitions and capital investments; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the Company's development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate legislation and regulatory policies. However, as the Company grows, the Board may determine it is appropriate to develop a formal written mandate.

In keeping with its overall responsibility for the stewardship of the Company, the Board is responsible for the integrity of the Company's internal control and management information systems and for the Company's policies respecting corporate disclosure and communications.

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the financial year ended December 31, 2019.

### Directorships

The current directors and proposed directors of the Company also serve as directors of other reporting issuers:

| Director           | Other Reporting Issuer(s)                                                                                              | Name of Exchange or Market (if applicable) |
|--------------------|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Michael Young      | ICC Labs Inc.<br>Nuuvera Inc.<br>GMP Capital Inc.                                                                      | TSX-V<br>TSX-V<br>TSX-V                    |
| Frederic Leigh Jr. | Golden Harp Resources Inc.<br>K2 Gold Corporation<br>National Access Cannabis Corp. (formerly Brassneck Capital Corp.) | NEX<br>TSX-V<br>TSX-V                      |
| Fabian Monaco      | None                                                                                                                   | None                                       |
| Frank Terranova    | Mayur Resources Limited                                                                                                | ASX                                        |
| Rod Watt           | None                                                                                                                   | None                                       |
| Sinton Spence      | None                                                                                                                   | None                                       |
| Tim Crossley       | Mayur Resources Limited                                                                                                | ASX                                        |

### Orientation and Continuing Education

Each new director is given an outline of the nature of the Company's business, its corporate strategy, and current issues within the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company's business.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities rules and policies and is on the mailing list of the TSX-V to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the Company's directors either by way of director or committee meetings or by direct communications from management to the directors.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company'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 Company.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

### **Nomination of Directors**

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

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 and a willingness to serve.

### **Other Board Committees**

The Company currently does not have a Compensation Committee or Corporate Governance Committee, other than the Audit Committee.

### **Assessments**

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

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

Other than as set out in this Circular, no informed person of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any such informed person or proposed nominee 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 that, in either case, has materially affected or will materially affect the Company or any of its subsidiaries, other than as stated herein. The term "informed person" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means a director or executive officer of the Company, or any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

Certain of the Resulting Issuer Directors, being Frank Terranova, Rod Watt, Sinton Spence and Tim Crossley, hold different positions as directors, officers and/or shareholders of Mayur, Ballygowan or Pacific Arc, and are nominees of Mayur as directors of the Resulting Issuer, to be named directors as a condition of Mayur to the completion of the Qualifying Transaction. Frederic Leigh Jr. is a current director of the Company and the Company's nominee as director of the Resulting Issuer. As a result, they may have material interests, directly or indirectly, in the proposed Qualifying Transaction.



## **MANAGEMENT CONTRACTS**

There are no management functions of the Company, which are, to any substantial degree, performed by a person other than the directors or executive officers of the Company.

## **AUDITOR**

The auditor of the Company is Davidson & Company LLP at 1200-609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, British Columbia, V7Y 1G6 who has served as auditor since May 24, 2018.

## **AUDIT COMMITTEE**

Pursuant to the provisions of section 224 of the *Business Corporations Act* (British Columbia), the Company is required to have an Audit Committee comprised of at least three directors, the majority of whom must not be officers or employees of the Company.

Under National Instrument 52-110 – *Audit Committees* (“NI 52-110”), companies are required to provide disclosure with respect to their audit committee including the text of the audit committee’s charter, composition of the audit committee and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its audit committee for the year ended December 31, 2019.

The Audit Committee Charter is attached as Schedule “A” to this Circular.

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

The Company’s current audit committee is comprised of Frederic Leigh Jr., Michael Young and Fabian Monaco.

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 Board, reasonably interfere with the exercise of the member’s independent judgment. Of the Company’s current audit committee members, all of them are considered “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 Company’s 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**

*Frederic Leigh* – Mr. Leigh has been a director of the Corporation since its incorporation. He is the principal of Siwash Corporate Services Inc., a private British Columbia company providing fundraising, marketing and corporate development advisory services. Mr. Leigh also serves as a director for a number of public companies, such as Golden Harp Resources Inc., National Access Cannabis Corp. (formerly Brassneck Capital Corp.) and K2 Gold Corporation. He has over 15 years of experience with companies in the mining and technology sectors worldwide.

*Michael Young* – Mr. Young has extensive senior level executive management and trading experience in the Canadian and U.S. capital markets. Throughout his career in finance and banking, he has built a strong network of Canadian, American, and international investors. Mr. Young is the founding partner of Cottingham Capital LLC and was the Managing Director and Co-Head of Trading for GMP, a Canadian Investment Bank. Prior to this, he ran the Equity Capital Markets desk for GMP in New York City. Mr. Young is an active advisor and board member of the private company Aerues Inc., as well as ICC Labs, which is listed on the TSX Venture Exchange. Most recently he had a successful exit of Nuuvera Inc., which was sold for \$550 million. Mr. Young sits on the advisory board of Navy Capital LLC, a New York based family office. He obtained a finance diploma at George Brown College.

*Fabian Monaco* – Mr. Monaco has a vast amount of legal, investment banking, and corporate finance experience. Mr. Monaco is currently self employed as a capital markets advisory consultant. Mr. Monaco was previously a

Director of Investment Banking at XIB, a boutique capital markets consulting and advisory firm based in Toronto, Canada. He joined XIB in September 2017 after over two years of Investment Banking experience at GMP where he was most recently an Associate in the firm's Diversified Industries coverage group. Prior to joining GMP, Mr. Monaco was an Associate at Scotiabank Global Banking and Markets specializing in over-the-counter derivatives regulatory reform from 2013 to 2015. From 2012 to 2013, Fabian practiced Corporate and Securities Law in the Toronto office of Dentons Canada LLP. Fabian holds Law (J.D.) and M.B.A. degrees from the University of Western Ontario and the Richard Ivey School of Business, and a B.B.A. (Hons.) from the Schulich School of Business.

### **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 the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110, other than that the Company is relying on the exemption in section 6.1 of NI 52-110.

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

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems as necessary who will notify the other members of the Audit Committee of such non-audit or additional work.

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

The aggregate fees billed by the Company's external auditors for the financial year ended December 31, 2019 for audit fees are as follows:

| Financial Year    | Audit Fees | Audit Related Fees | Tax Fees | All other fees |
|-------------------|------------|--------------------|----------|----------------|
| December 31, 2019 | \$7,971    | Nil                | \$4,987  | Nil            |

### **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent of the Common Shares is Odyssey Trust Company at 835-409 Granville Street, Vancouver, British Columbia, V7Y 1G6.

### **ADDITIONAL INFORMATION**

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) under "Company Profiles - XIB I Capital Corp". The Company's audited financial statements and management discussion and analysis ("MD&A") for the fiscal year ended December 31, 2019 are available for review under the Company's profile on SEDAR. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to 100-736 Granville Street, Vancouver, British Columbia, V6Z 1G3; or (ii) telephone to 604-684-6730.

### **OTHER MATTERS**

Management knows of no other matters to come before the Meeting, other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters shall properly come before said Meeting, it is the intention of the persons designated by management of the Company in the form of proxy accompanying this Circular to vote the same in accordance with their best judgement of such matters.



**BOARD APPROVAL**

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

DATED at Vancouver, British Columbia, the 29<sup>th</sup> day of October, 2020.

**ON BEHALF OF THE BOARD OF  
XIB I CAPITAL CORP.**

*Frederic Leigh Jr.*

Director

**SCHEDULE “A”  
XIB I CAPITAL CORP.**

**CHARTER OF THE AUDIT COMMITTEE**

**1. MEMBERSHIP**

- 1.1 The audit committee (the “**Committee**”) of the board of directors (the “**Board**”) of XIB I Capital Corp. (the “**Company**”) shall consist of three or more directors. A majority of the members of the Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company.
- 1.2 Each member of the Committee must be financially literate, as this term is defined under National Instrument 52-110 - *Audit Committees* (the “**Instrument**”).
- 1.3 No member of the Committee may serve simultaneously on the audit committee or any other board committee of more than two other public companies, unless the Board determines that simultaneous service will not materially adversely affect the Committee from acting independently or from fulfilling its mandate in accordance with applicable law.
- 1.4 The Board shall appoint members to the Committee. The members of the Committee shall be appointed for one-year terms after each annual securityholders’ meeting and shall serve until a successor is duly appointed by the Board or until the member’s earlier death, resignation, disqualification or removal. The Board may remove any member from the Committee at any time with or without cause. The Board shall fill Committee member vacancies by appointing a member from the Board. If a vacancy on the Committee exists, the remaining members shall exercise all the Committee’s powers so long as a quorum exists.
- 1.5 New Committee members shall be provided with an orientation program to educate them on the Company, their roles and responsibilities on the Committee and the Company’s financial reporting and accounting practices. Committee members shall also receive training as necessary, to increase their understanding of financial, accounting, auditing and industry issues applicable to the Company.
- 1.6 The Committee shall appoint the chair from one of its members (the “**Chair**”). The Chair must be a non-executive Director. Subject to Section 1.4, the Committee shall determine the Chair’s term of office.
- 1.7 A quorum for decisions of the Committee shall be two members.

**2. COMMITTEE MEETINGS**

- 2.1 The Committee shall meet at least quarterly at such times and places as determined by the Committee. The Committee is governed by the same rules regarding meetings (including the procedure used to call meetings, and conducting meetings electronically, in person or by telephone), notice of meetings and waiver of notice by committee members, written resolutions in lieu of a meeting and voting at meetings that apply to the Board.
- 2.2 Notice of the time and place of a Committee meeting shall be given by the Committee to the Company’s external auditor (the “**Auditor**”) in the same manner notice is provided to Committee members. The Committee shall provide the Auditor with all meeting materials in advance of the meeting.
- 2.3 On request of the Auditor, the Chair shall convene a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the directors or shareholders of the Company.
- 2.4 The Chair shall seek input from Committee members, the Company’s management, the Auditor and Board members when setting each Committee meeting’s agenda.
- 2.5 Any written material to be provided to Committee members for a meeting must be distributed in advance of the meeting to give Committee members time to review and understand the information.



- 2.6 The chair of the Board (the “**Board Chair**”), the chief executive officer of the Company (“**CEO**”) and chief financial officer of the Company (“**CFO**”) and any other member of senior management may, if invited by the Chair, attend, give presentations relating to their responsibilities and otherwise participate at Committee meetings. Other Board members may also, if invited by the Chair, attend and participate at Committee meetings.
- 2.7 The Committee may appoint a Committee member or any other attendee to be the secretary of a meeting. The Chair shall circulate minutes of all Committee meetings to the Company’s Board members and its Auditor. The Committee shall report its decisions and recommendations to the Board promptly after each Committee meeting.
- 2.8 The Committee may meet for a private session, excluding management, non-independent directors or other third parties, following each Committee meeting or as otherwise determined by the Committee.

### **3. PURPOSE, ROLE AND AUTHORITY**

- 3.1 The purpose of the Committee is to oversee the Company’s accounting and financial reporting processes and the preparation and auditing of the Company’s financial statements.
- 3.2 The Committee is authorized by the Board to investigate any matter set out in this Charter or otherwise delegated to the Committee by the Board.

### **4. DUTIES AND RESPONSIBILITIES**

- 4.1 The Committee has the duties and responsibilities set out in Sections 5 to 14 of this Charter, as may be amended, supplemented or restated from time to time.

### **5. EXTERNAL AUDITOR - APPOINTMENT AND REMOVAL**

The Committee shall:

- 5.1 Consider and recommend to the Board, to put forward for shareholder approval at the annual meeting, an Auditor that will be appointed or reappointed to prepare or issue an auditor’s report and perform audit, review, attest or other services for the Company in compliance with the Instrument and, if necessary, recommend to the Board the Auditor’s removal.
- 5.2 Recommend to the Board the Auditor’s compensation and otherwise setting the terms of the Auditor’s engagement (including reviewing and negotiating the Auditor’s engagement letter).
- 5.3 Review and monitor the independence of the Auditor.
- 5.4 At least once per fiscal year, review the qualifications and performance of the Auditor and the Auditor’s lead partners and consider and decide if the Company should adopt or maintain a policy of rotating the accounting firm serving as the Company’s Auditor.

### **6. AUDITOR OVERSIGHT - AUDIT SERVICES**

The Committee shall:

- 6.1 Require the Auditor to report directly to the Committee.
- 6.2 Be directly responsible for overseeing the work of the Auditor engaged for the purpose of preparing or issuing the Auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Auditor regarding financial reporting.
- 6.3 Discuss with the Auditor: (a) before an audit commences, the nature and scope of the audit, the Auditor’s responsibilities in relation to the audit, the overall audit strategy, the timing of the audit, the processes used by the Auditor to identify risks and reporting such risks to the Committee; and (b) any other matters relevant to the audit.

- 6.4 Review and discuss with the Auditor all critical accounting policies and practices to be used in the audit, all alternative treatments of financial information within generally accepted accounting principles as set out in the CPA Canada Handbook – Accounting, as amended from time to time (“GAAP”) that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the Auditor.
- 6.5 Review any major issues regarding accounting principles, including GAAP, and financial statement presentation with the Auditor and the Company’s management, including any significant changes in the Company’s selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements, including the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company’s financial statements.
- 6.6 Review and discuss with the Auditor and management any problems or difficulties encountered during the audit, including restrictions on the scope of activities or access to information, and any significant disagreements between the Auditor and management in relation to financial reporting. The Committee may meet with the Auditor and management (together or separately) to discuss and resolve such disagreements.
- 6.7 Review all material communications between management and the Auditor, including reviewing the Auditor’s management letter and management’s response.
- 6.8 Create, review and approve the Company’s policies respecting the Company’s hiring of any (former or current) Auditor’s past or present employees or past or present partners.
- 6.9 Oversee any other matters relating to the Auditor and the performance of audit services on the Company’s behalf.

## **7. AUDITOR OVERSIGHT - NON-AUDIT SERVICES**

The Committee shall:

- 7.1 Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries in accordance with the Instrument.
- 7.2 Notwithstanding Section 7.1, the Committee may delegate the pre-approval of non-audit services to a member or certain members of the Committee. These member or members shall notify the Committee at each Committee meeting of the non-audit services they approved since the last Committee meeting.

## **8. INTERNAL CONTROLS**

The Committee shall:

- 8.1 Monitor and review the effectiveness of the Company’s internal audit function, including ensuring that any internal auditors (the “**Internal Auditors**”) have adequate monetary and other resources to complete their work and appropriate standing within the Company and, if the Company has no Internal Auditors, consider, on an annual basis, whether the Company requires Internal Auditors and make related recommendations to the Board.
- 8.2 Require the Internal Auditors to report directly to the Committee.
- 8.3 Oversee an effective system of internal controls and procedures for the Company relating to the financial reporting process and disclosure of the financial results, including accounting, internal accounting controls, and auditing matters (“**Internal Controls**”).
- 8.4 Review with management and the Internal Auditors (with each privately or together) the adequacy and effectiveness of the Company’s Internal Controls, including any significant deficiencies or material weaknesses in the design or operation of the Internal Controls and determine if any special steps must be adopted by the Auditor during its audit in light of any such deficiencies or weaknesses.



- 8.5 Review management's roles, responsibilities and performance in relation to the Internal Controls.
- 8.6 Review, discuss and investigate: (a) any alleged fraud involving the Company's management or employees in relation to the Internal Controls, including management's response to any allegations of fraud; (b) implement corrective and disciplinary action in cases of proven fraud; and (c) determine if any special steps must be adopted by the Auditor during its audit in light of any proven fraud or any allegations of fraud.
- 8.7 Establish and monitor the procedures for: (a) the receipt, retention and treatment of complaints that the Company receives relating to its Internal Controls; (b) the confidential, anonymous submission of employees' concerns relating to questionable accounting or auditing matters engaged in by the Company; and (c) the independent investigation of the matters set out in Section 8.7(a) and Section 8.7(b), including appropriate follow up actions.
- 8.8 Review and discuss with the CEO and CFO, or those officers who perform the duties similar to a CEO or CFO, the steps taken to complete the required certifications of the annual and interim filings with applicable securities commissions.

## **9. FINANCIAL STATEMENTS**

The Committee shall:

- 9.1 Review and discuss with the Auditor and management the Company's annual audited financial statements and the accompanying Auditor's report and management discussion and analysis ("MD&A"). The Committee's review of the annual audited financial statements will include a review of the notes contained in the financial statements, in particular the notes on: (a) significant accounting policies, including any changes made to them and the effect this may have on the Company; (b) significant estimates and assumptions; (c) significant adjustments resulting from an audit; (d) the going concern assumption; (e) compliance with accounting standards; (f) investigations and litigation undertaken by regulatory authorities; (g) the impact of unusual transactions; and (h) off-balance sheet and contingent asset and liabilities, and related disclosures.
- 9.2 Assess (a) the quality of the accounting principles applied to the financial statements; (b) the clarity of disclosure in the financial statements; and (c) whether the audited annual financial statements present fairly, in all material respects, in accordance with GAAP, the Company's financial condition, operational results and cash flows.
- 9.3 Upon satisfactory completion of its review, recommend the annual audited financial statements, Auditor's report and annual MD&A for Board approval.
- 9.4 Review the interim financial statements and related MD&A with the Auditor and management, and if satisfied that the interim financial statements meet the criteria set out in Section 9.2 to recommend to the Board that it approve the interim financial statements and accompanying MD&A.

## **10. DISCLOSURE OF OTHER FINANCIAL INFORMATION**

The Committee shall:

- 10.1 Review and discuss with management the design, implementation and maintenance of effective procedures relating to the Committee's prior review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements ("**Disclosure Procedures**"); ensure that the Disclosure Procedures put in place are followed by the Company's management and employees; and periodically assess the adequacy of the Disclosure Procedures.
- 10.2 Review the Company's profit and loss press releases and other related press releases before they are released to the public, including the Company's annual information form, earnings press releases and any other public disclosure documents required by applicable securities commissions; and review the nature of any financial information and ratings information provided to agencies and analysts in accordance with the Company's disclosure policy.

- 10.3 Monitor and review the Company's policy on confidentiality and disclosure on a yearly basis.

## **11. RISK MANAGEMENT**

The Committee shall:

- 11.1 Review and discuss with management and the Internal Auditors (each privately or together) policies and guidelines to govern the processes by which management assesses and manages the Company's risks, including the Company's major financial risk exposures and fraud, and the steps management has taken to monitor and control such exposures.
- 11.2 Review the periodic reports delivered to the Committee by the Internal Auditors; and oversee the processes by which major Company risks are reviewed by either the Committee, another Board committee or the full Board.

## **12. LEGAL COMPLIANCE**

- 12.1 The Committee shall review with legal counsel any legal matters, including inquiries received from regulators and governmental agencies, that may have a significant effect on the Company's financial statements, cash flows or operations; review and oversee any policies, procedures and programs designed by the Company to promote legal compliance.

## **13. RELATED PARTY TRANSACTIONS**

- 13.1 The Committee shall review all proposed related party transactions, other than those reviewed by a special committee of disinterested directors in accordance with Canadian corporate or securities laws.

## **14. OTHER DUTIES AND RESPONSIBILITIES**

- 14.1 The Committee shall complete any other duties and responsibilities delegated by the Board to the Committee from time to time.

## **15. MEETINGS WITH THE AUDITOR**

- 15.1 Notwithstanding anything set out in this Charter to the contrary, the Committee may meet privately with the Auditor or Internal Auditors as frequently as the Committee deems appropriate, but not less than quarterly, for the Committee to fulfil its responsibilities and to discuss any concerns of the Committee or Auditor in relation to the matters covered by the Committee's Charter, including the effectiveness of the Company's financial recording procedures and systems and management's cooperation and responsiveness to matters arising from the audit and non-audit services performed by the Auditor.

## **16. MEETINGS WITH MANAGEMENT**

- 16.1 The Committee may meet privately with management and the Company's Internal Auditors (together or separately) as frequently as the Committee deems appropriate for the Committee to fulfil its responsibilities, but not less than quarterly, to discuss any concerns of the Committee, management or the Internal Auditors.

## **17. OUTSIDE ADVISORS**

- 17.1 The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfil its duties and responsibilities under this Charter. The Committee shall set the compensation and oversee the work of any outside counsel and other advisors to be paid by the Company.

## **18. REPORTING**

- 18.1 The Committee shall report to the Board on all matters set out in this Charter and other matters assigned to the Committee by the Board, including: (a) the Auditor's independence; (b) the Auditor's performance and



the Committee's recommendation to reappoint or terminate the Auditor; (c) the Internal Auditors' performance; (d) the adequacy of the Internal Controls; (e) the Committee's review of the Company's annual and interim financial statements, and any GAAP reconciliation, including any issues respecting the quality and integrity of financial statements, along with the MD&A; (f) the Company's compliance with legal and regulatory matters and such matters affect the financial statements; and (g) the Company's risk management programs and any risks identified in accordance with this program.

**19. CHARTER REVIEW**

- 19.1 The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval. This Charter shall be posted on the Company's investor relations website.

**20. PERFORMANCE EVALUATION**

- 20.1 The Committee shall conduct an annual evaluation of the performance of its duties and responsibilities under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

**21. APPLICATION OF CHARTER**

- 21.1 This Charter is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While this Charter should comply with all applicable laws, regulations and listing requirements and the Company's articles and by-laws, this Charter does not create any legally binding obligations on the Committee, the Board or the Company.

Last approved by the Board: August 14, 2018.

**SCHEDULE “B”  
STOCK OPTION PLAN**

**ADYTON RESOURCES CORP.  
(the “Company”)**

**STOCK OPTION PLAN**

**1. PURPOSE OF THE PLAN**

Unless otherwise defined, all capitalized terms are as defined below.

The Company hereby establishes a stock option plan for directors, senior officers, Employees, Management Company Employees and Consultants of the Company and its subsidiaries (collectively “**Eligible Persons**”), to be known as the “Stock Option Plan” (the “**Plan**”). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals Options to buy Shares of the Company at a price not less than the Market Price prevailing on the Grant Date less the applicable discount, if any, permitted by TSX-V Policies and approved by the Board.

**2. DEFINITIONS**

In this Plan, the following terms shall have the following meanings:

- (a) “**Board**” means the Board of Directors of the Company.
- (b) “**Change of Control**” means the acquisition by any person or by any person and all Joint Actors (as defined in the Securities Act), whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of Directors of the Company.
- (c) “**Company**” means Adyton Resources Corp. and its successors.
- (d) “**Consultant**” means a “Consultant” as defined in the TSX-V Policies.
- (e) “**Consultant Company**” means a “Consultant Company” as defined in the TSX-V Policies.
- (f) “**Disability**” means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from: (i) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or (ii) acting as a director or officer of the Company or its subsidiaries.
- (g) “**Discounted Market Price**” of Shares means, if the Shares are listed only on the TSX-V, the Market Price less the maximum discount permitted under the TSX-V Policies;
- (h) “**Disinterested Shareholder Approval**” means an ordinary resolution approved at a shareholders meeting by a majority of the votes cast by: (i) the holders of the issued and outstanding Shares; and (ii) the holders of any securities of the Company, other than the Shares, which have a residual right to share in the earnings of the Company and in its assets upon liquidation or winding-up (“**Restricted Securities**”), on a basis proportionate to their respective residual equity interests in the Company, excluding votes attaching to the Shares and the Restricted Securities beneficially owned by Insiders to whom Options may be issued and Associates of those persons;



- (i) **“Distribution”** means a “Distribution” as defined in the TSX-V Policies.
- (j) **“Eligible Persons”** has the meaning given to that term in section 1 hereof.
- (k) **“Employee”** means an “Employee” as defined in the TSX-V Policies.
- (l) **“Exchange”** means the TSX-V and, if applicable, any other stock exchange on which the Shares are listed.
- (m) **“Expiry Date”** means the date set by the Board under section 0 of the Plan, as the last date on which an Option may be exercised.
- (n) **“Grant Date”** means the date specified in an Option Agreement as the date on which an Option is granted.
- (o) **“Insider”** means an “Insider” as defined in the TSX-V Policies, other than a person who is an insider solely by virtue of being a director or senior officer of a subsidiary of the Company.
- (p) **“Investor Relations Activities”** means “Investor Relations Activities” as defined in the TSX-V Policies.
- (q) **“Joint Actor”** means a person acting “jointly or in concert with” another person as that phrase is interpreted in section 96 of the Securities Act.
- (r) **“Management Company Employee”** means a “Management Company Employee” as defined in the TSX-V Policies.
- (s) **“Market Price”** of Shares at any Grant Date means the last closing price per Share on the trading day immediately preceding the day on which the Company announces the grant of the option or, if the grant is not announced, on the Grant Date, or if the Shares are not listed on any stock exchange, “Market Price” of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- (t) **“Option”** means an option to purchase Shares granted pursuant to this Plan.
- (u) **“Option Agreement”** means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.
- (v) **“Optionee”** means each of the Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.
- (w) **“Option Price”** means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5 hereof.
- (x) **“Option Shares”** means the aggregate number of Shares which an Optionee may purchase under an Option.
- (y) **“Plan”** has the meaning given to that term in section 1 hereof.
- (z) **“Securities Act”** means the Securities Act, R.S.B.C. 1996, c.418, as amended, as at the date hereof.

- (aa) **“Shareholder Approval”** means approval by the affirmative votes of the holders of a majority of the voting securities of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with applicable corporate laws;
- (bb) **“Shares”** means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5 hereof, “Shares” shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- (cc) **“TSX-V”** means the TSX Venture Exchange.
- (dd) **“TSX-V Policies”** means the policies included in the TSX-V’s Corporate Finance Manual and **“TSX-V Policy”** means any one of them, as applicable.
- (ee) **“Unissued Option Shares”** means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5 hereof, such adjustments to be cumulative.

### **3. GRANT OF OPTIONS**

#### **3.1 Price and Term**

The Board may from time to time authorize the issue of Options to Eligible Persons of the Company and its subsidiaries. The Option Price under each Option shall be not less than the Discounted Market Price on the Grant Date. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten (10) years after the Grant Date. Options shall not be assignable (or transferable) by the Optionee.

#### **3.2 Limits on Shares Issuable on Exercise of Options**

The number of Shares reserved for issuance under the Plan in aggregate shall not exceed 10% of the total number of issued and outstanding common shares of the Company on the Grant Date on a non-diluted basis.

The number of Shares which may be issuable under the Plan (calculated at the Grant Date), within a 12 month period:

- (a) to any one Optionee shall not exceed 5% of the total number of issued and outstanding Shares on a non-diluted basis;
- (b) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares on a non-diluted basis;
- (c) to any one Consultant shall not exceed 2% of the total number of issued and outstanding Shares on a non-diluted basis; and
- (d) to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on a non-diluted basis which shall vest in stages over a twelve month period with 20% vesting on the date of grant and 20% each three months thereafter.

#### **3.3 Option Agreements**



Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For Options to Employees, Consultants, Consultant Companies or Management Company Employees, the Company is representing herein and in the applicable Stock Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

#### **4. EXERCISE OF OPTION**

##### **4.1 When Options May be Exercised**

Subject to section 4.3, an Option may be exercised to purchase any number of Option Shares up to the number of Unissued Option Shares at any time after the Grant Date up to 4:00 p.m. local time on the Expiry Date and shall not be exercisable thereafter.

##### **4.2 Manner of Exercise**

The Option shall be exercisable by delivering to the Company a notice specifying the number of Option Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Option Share. Upon notice and payment there will be a binding contract for the issue of the Option Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's cheque, bank draft or wire transfer payable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless such payment is not honoured upon presentation in which case the Option shall not have been validly exercised.

##### **4.3 Termination of Employment**

In the following cases, an Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Unissued Option Shares at any time up to but not after the earlier of: (i) 365 days after the date of death or Disability; and (ii) the Expiry Date.

(b) Termination For Cause

If the Optionee, or in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged, any outstanding Option held by such Optionee on the date of such termination shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person 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, the Option then held by the Optionee shall be exercisable to acquire Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days (30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

#### **4.4 Vesting of Option Shares**

Unless otherwise determined by the Directors, the Options shall vest on the Grant Date.

#### **4.5 Effect of a Take-Over Bid**

If a *bona fide* offer (an “Offer”) for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised. If any Option Shares are returned to the Company under this section 0, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

#### **4.6 Acceleration of Expiry Date**

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer. The Directors shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days and not more than 35 days' notice is required.

#### **4.7 Compulsory Acquisition or Going Private Transaction**

If and whenever there shall be a compulsory acquisition of the Shares of the Company following a takeover bid or issuer bid pursuant to Division 6 of the *Business Corporations Act* (British Columbia) or any successor or similar legislation, or any amalgamation, merger or arrangement in which securities acquired in a formal takeover bid may be voted under the conditions described in Section 8.2 of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (or any successor instrument), then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her Options, the aggregate amount of cash, shares, other



securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Shares to the takeover bid.

#### **4.8 Effect of a Change of Control**

If a Change of Control occurs, all Option Shares may be exercised in whole or in part by the Optionee.

#### **4.9 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement**

If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

#### **4.10 Shares Not Acquired**

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

### **5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES**

#### **5.1 Share Reorganization**

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a “**Share Reorganization**”) then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
  - (i) the Option Price in effect immediately before that effective date or record date; and
  - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subsection 0.

#### **5.2 Special Distribution**

Subject to the prior approval of the Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a “**Special Distribution**”), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

### 5.3 Corporate Organization

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in sections 0 or 0;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities;
- (c) an arrangement or other transaction under which, among other things, the business or assets of the Company become, collectively, the business and assets of two companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company, or securities of another company, or both; or
- (d) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a “**Corporate Reorganization**”) the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

### 5.4 Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Directors may designate and



who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

## **5.5 Regulatory Approval**

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of paragraphs 0, 0 or 5.3 is subject to the approval of the Exchange and any other governmental authority having jurisdiction. In addition, any acceleration or removal of Exchange imposed vesting provisions is subject to the prior approval of the Exchange.

## **6. MISCELLANEOUS**

### **6.1 Right to Employment**

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

### **6.2 Necessary Approvals**

In accordance with TSX-V Policies, the Plan must be approved by the Company's shareholders yearly at the Company's annual general meeting. Disinterested Shareholder Approval (as required by the Exchange) will be obtained for any reduction in the exercise price of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchange and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

### **6.3 Administration of the Plan**

The Directors shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in section 5.4, the interpretation and construction of any provision of the Plan by the Directors shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

### **6.4 Income Taxes**

As a condition of and prior to participation in the Plan any Optionee shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan.

### **6.5 Withholding Taxes**

The Company or any subsidiary of the Company may take such steps as are considered necessary or appropriate for the withholding and/or remittance of any taxes which the Company or any subsidiary of the Company is required by any law or regulation of any governmental authority whatsoever to withhold and/or remit in connection with any Option or Option exercise including, without limiting the generality of the foregoing, the withholding and/or remitting of all or any portion of any payment or the withholding of the issue of Common Shares to be issued upon the exercise of any Option until such time as the Optionee has paid the Company or any subsidiary of the Company for any amount which the Company or subsidiary of the Company is required to withhold and/or remit with respect to such taxes.

## **6.6 Power to Terminate or Amend Plan**

The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchange or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee. Any amendments to the Plan or options granted thereunder will be subject to the approval of the shareholders.

Subject to the approval of any stock exchange on which the Company's securities are listed, the Board may terminate, suspend or amend the terms of the Plan; provided, however, that, except as provided in Section 5 above, and as long as the Company is a "reporting issuer" under the securities laws of any jurisdiction in Canada, the Board may not amend the Plan in any of the following respects without obtaining the prior approval, if required, of the Exchange, and within 12 months either before or after the Board's adoption of a resolution authorizing such action, Shareholder Approval, and, where required, Disinterested Shareholder Approval:

- (a) amend Section 3.2 of the Plan;
- (b) materially increase the benefits accruing to participants under the Plan;
- (c) add any form of financial assistance;
- (d) make any amendment to a financial assistance provision which is more favourable to participants under the Plan;
- (e) reduce the Option Price;
- (f) allow for the cancellation or reissuance of any Option granted under the Plan;
- (g) extend the term of any Option;
- (h) permit Options granted under the Plan to be transferable or assignable other than for normal estate settlement purposes; or
- (i) amend this Section 6.6 of the Plan.

For greater certainty, the Directors may make any amendment to the terms of the Plan other than as described at subsections 6.6(a) through 0 above without obtaining Shareholder Approval, including the following types of amendments:

- (j) amendments made for the purpose of correcting typographical or clerical errors, clarifying ambiguities or matters of interpretation, or updating statutory or regulatory references;; or



- (k) amendments for the purpose of complying with the requirements of any applicable regulatory authority or responding to legal or regulatory changes.

#### **6.7 Form of Notice**

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

#### **6.8 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

#### **6.9 Compliance with Applicable Law**

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

#### **6.10 No Assignment**

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

#### **6.11 Rights of Optionees**

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

#### **6.12 Conflict**

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

#### **6.13 Governing Law**

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

#### **6.14 Time of Essence**

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

#### **6.15 Entire Agreement**

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

**SCHEDULE "A"**

**ADYTON RESOURCES CORP.**

**STOCK OPTION PLAN**  
**OPTION AGREEMENT**

**Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [♦ - four months and one day after the date of grant].**

This Option Agreement is entered into between Adyton Resources Corp. (the "Company") and the Optionee named below pursuant to the Company's Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. On [♦] (the "Grant Date");
2. [♦] (the "Optionee");
3. was granted the option (the "Option") to purchase [♦] common shares (the "Option Shares") of the Company;
4. for the price (the "Option Price") of \$[♦] per share;
5. which shall be exercisable ("Vested") as follows: [♦]; and
6. terminating on [♦] (the "Expiry Date");

all on the terms and subject to the conditions set out in the Plan. For greater certainty, once Option Shares have become Vested, they continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

**Acknowledgement - Personal Information**

The Optionee hereby acknowledges and consents to:

- (a) the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (b) the collection, use and disclosure of such personal information by the TSX Venture Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the [♦] day of [♦].

**ADYTON RESOURCES CORP.**

Per:

OPTIONEE

Authorized Signatory